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A GUIDE TO STARTING AND OPERATING A

Commercial or Community Attraction

NOVA SCOTIA
Tourism Partnership
COUNCIL

NOVA SCOTIA
Tourism, Culture and Heritage

A Guide to Starting and Operating a Community or Commercial Attraction in Nova Scotia

Prepared by:

THE ECONOMIC PLANNING GROUP of Canada
Halifax, Nova Scotia

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SECTION 1

INTRODUCTION

SECTION 1

INTRODUCTION

1.1 Purpose of the Manual

This is one of a series of tourism development manuals commissioned by the Tourism Division of the Nova Scotia Department of Tourism, Culture and Heritage to assist Nova Scotians in the establishment of tourism businesses and in planning for the delivery of tourism services in the province. This manual deals with the establishment and operation of a local commercial or community attraction in Nova Scotia. There are other manuals that deal with establishing different kinds of tourism businesses such as a roofed accommodation property, a campground, a local sightseeing tour, a restaurant, a tourism retail business, an adventure tourism operation and a receptive tour operator. There are also manuals on how to plan for, develop and market tourism in your community, on the operation and establishment of a local visitor information centre, and on marketing for tourism businesses. The manuals were originally prepared in 1996 and 1999, and were updated in 2005. A new manual on community festivals and events was also prepared in 2005.

The purpose of this manual is to provide you with some of the information necessary in establishing, improving, and operating a community attraction in Nova Scotia. There are a multitude of laws and regulations that affect business and readers should note that the information contained herein is a guide only.

This manual covers both not-for-profit community owned and operated attractions, as well as small-and medium-sized, commercial (for-profit) attractions. It is designed to be used in association with small to medium-sized attractions, although much of the information would also be useful for larger attractions. Throughout the manual, the words "community attraction" are used to refer to not-for-profit, community owned and/or operated attractions and the words "commercial attraction" are used to refer to the for-profit attractions. Since other manuals in this series deal with sightseeing tours, adventure tourism activities and tourism retail operations, these types of attractions are not dealt within this manual, even though they fit within the broad definition of an attraction presented below.

This manual addresses those types of attractions that generally serve a resident and visitor (tourist) market. Attractions that primarily serve the resident market such as bowling alleys and movie theatres are not included, although much of the content may, in fact, be applicable to these types of attractions.

It is strongly suggested that the reader undertake efforts to verify any information on which their business plan is based and not rely solely on the information in this manual. There are areas where you may want to consider retaining the appropriate professional expertise to assist you. While the information contained in this manual is believed to be accurate, as of the winter of 2005, it is not so warranted. The reader should note that federal, provincial and municipal laws and regulations change frequently and it is recommended that you check with the appropriate authorities, listed in Appendix I, including representatives of the Tourism Division, Department of Tourism, Culture and Heritage, and your local Business Service Centre (on line at www.gov.ns.ca/snsmr or at Access Nova Scotia centres around the province) to obtain up-to-date information on laws and regulations that may affect your business.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or expert assistance is required, the services of a competent professional should be sought. The information and analysis contained herein is intended to be general and represents the research of the authors and should in no way be construed as being definitive or as being official or unofficial policy of any government body. Any reliance on the Guide shall be at the reader's own risk.

1.2 Types of Attractions

The word "attraction" is used to define a wide variety of different types of facilities and experiences. An attraction can be broadly defined as ".. a natural site, a man-made facility or an area which generates visitation by providing an opportunity for individuals to participate in one or more of the following experiences away from home:

- Leisure activities (including fun, rides, thrills);
- Entertainment;
- Sightseeing;
- Learning (except for formal, educational institutions);
- Shopping of a specialty tourist nature (generally excluding staple items);
- Arts, culture, history and nature appreciation."[1]

Attractions can be categorized into several different groups, as described below:

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[1] The Economic Planning Group of Canada, Strategic Directions for the Planning, Development and Marketing of Ontario's Attractions, Festivals and Events: Volume I: Summary Report, page 6

CATEGORY OF ATTRACTION	EXAMPLES
Amusement Attractions	Theme and amusement parks, mini-golf, go-karts, water parks, batting cages, laser tag, paint ball, family entertainment centres, golf driving range;
Culture and Performing Arts	Performing arts centres, live theatre, music concerts, music/art camps, art galleries.
Historic Attractions	Historic sites, museums, cemeteries, historic villages, historic buildings/landmarks, lighthouses, historic ships.
Industrial/Technology Attractions	Industrial tours, unique buildings, science centres, experimental farms/stations, fish hatcheries, econo-museums, industrial/technology themed interpretive centres.
Cultural Attractions	Cultural performances, community interpretive centres, arts & crafts displays and shops
Nature-based Attractions	Caves, geological formations, islands, waterfalls, provincial/national parks, wildlife sanctuaries, conservation/protected areas, botanical gardens, aquariums, interpretive centres, observatories, zoological parks, fossils.
Tours and Rides	Boat tours, local sightseeing tours, train tours, buggy rides.

Local Attractions

The main focus of this manual will be on what we've called "local" attractions. Local attractions may fit into any of the aforementioned categories. However, most local attractions are based on a resource unique to that particular local area or community. Therefore, most are developed around one or more of the following characteristics:

- Natural resource (e.g., geological formations, tides, caves);
- Cultural resource (e.g., theatre presenting music and/or dramatic performances representative of the local culture, community interpretive centre);
- Heritage or historical resource (e.g., immigrant landing, historic site or event, heritage building);
- Local industry or economy (e.g., museum showcasing unique economic activity of the community, such as an economuseum).

1.3 Contents of the Manual

This manual provides information and advice on a variety of topics that will be important in understanding the requirements for success, in assessing opportunities, in planning and development and in starting operations. The following topics will be covered:

- Markets for commercial/community attractions in Nova Scotia;
- Requirements for success;
- Mobilizing the community and building community support;
- Preparing a business concept and strategic plan;
- Feasibility assessment;
- Designing the experience and the product;
- Legal, regulatory and tax matters;
- Operations;
- Marketing.

Appendices at the back of the manual cover the following:

- List of contacts;
- Calculation of net income, cash flow and return on investment (for private, for-profit attractions);
- Financing;
- Business structures;
- Standards and Certification;
- Revenue management.

SECTION 2

About the Attractions Business

SECTION 2

ABOUT THE ATTRACTIONS BUSINESS

2.1 The Role of Attractions in Tourism at the Destination

People travel to destinations to do things of interest to them and, as a result, the things to see and do such as attractions can play a major role in the success of the destination. Attractions can, on their own, generate trips to a destination or community for some market segments – they can create a reason to come. If they play this role, attractions are known as **primary demand generators**.

These same attractions may appeal to other market segments as well, but as **contributing demand generators**. In other words, for some market segments the attraction may not be the main reason for the visit to the destination or community but something that contributes, along with other things, to the decision to make the trip or to select the destination.

For still other market segments, the same attraction may not, in fact, contribute to motivating the trip at all, but it may be of sufficient interest to motivate these people to add it to their agenda while they are at the destination, thereby increasing their length of stay. In such cases, the attraction functions as a **demand supporter**.

The scale and scope of the attraction also plays a role in whether it functions as a demand generator or demand supporter. There are some kinds of attractions that, while they may be of the same type as demand generating attractions, their demand generating appeal is more modest and they play the role of demand supporters. For example, the Fortress of Louisbourg, a national historic site, is a demand generator not only for the Town of Louisbourg itself but also for Cape Breton and, for some market segments, for Nova Scotia as a whole. However, a national historic site such as Fort Edward in Windsor or local community museums such as those in Port Hastings or Liverpool, are primarily demand supporters, attracting, for the most part, visitors who are already in the area.

In some cases, a small but highly unique attraction can function as a demand generator for a community because of its unique appeal to people having a special interest in the subject matter. Examples in Nova Scotia include the Anne Murray Centre, the Hank Snow Centre and the Shelburne County Genealogical Research Centre.

The Michelin organization, which produces travel guides for destinations, has a rating system which clearly distinguishes between these different types of attractions. Michelin rates attractions into three categories, defined as follows:

Three Star	*Worth the Journey*
Two Star	*Worth the Detour*
One Star	*Interesting*

Ideally, a community will have a selection of attractions and things to do for visitors that, when combined, create a 'critical mass' of demand generators and demand supporters so as to attract visitors, create a broadly-based experience and encourage visitors to stay longer (and spend more money in the community). A more detailed look at the concept of "critical mass" is included in Section 4 of this manual.

It is important to note that many types of attractions depend heavily on local and regional resident markets for their attendance rather than solely on tourist or visitor markets. By their nature, local and regional resident markets can generate repeat visits, and they are also available throughout the year. For many community and heritage attractions, school groups are an important market segment. Local community galleries or museums frequently have membership programs, special events and exhibits and programs, all of which are designed to attract repeat visitation from local and regional residents.

2.2 Attraction Variables

Like many types of businesses, there are a number of key variables in the attractions business that have an impact on revenues, and it is important that the reader have a general understanding of these variables, since they will be referred to throughout this manual.

Entertainment Value

Entertainment value has to do with the level of personal fulfilment and satisfaction gained from the attraction experience. This is typically determined by the number of attraction features offered and how interesting or entertaining they are. Entertainment value gives the potential visitor a reason to come, and a reason to return. It also determines how long visitors will stay at the attraction and how much they will be prepared to spend.

Length of Stay

Length of stay refers to the amount of time a visitor spends at the attraction. The amount of time required to experience an attraction is largely dependent upon the type of attraction, and the extent of programming or activity opportunities available to the visitor, in other words, the entertainment value of the attraction.

Market Reach

The entertainment value provided by the attraction and the average length of stay are key factors in determining how far visitors will travel or go out of their way to visit the attraction. Market reach helps define the distance from within which resident markets might make special trips for the main purpose of visiting the attraction. A general rule of thumb is that the total travel time, to and from the attraction, will not usually exceed the total length of stay at the attraction. So, for an attraction having an average length of stay of two hours, its market 'catchment area' or market drawing area will be up to about a one hour drive at most. Therefore, while markets from the Annapolis Valley may travel into Halifax to spend half a day at the Discovery Centre, it is unlikely that markets from Halifax will drive two hours each way for the main purpose of spending half an hour at a community museum.

On-Site Spending

This is the spending by visitors to the attraction and usually includes:

- Admissions fees or tickets;
- Retail purchases, e.g., gifts, souvenirs;
- Food and beverage purchases.

At some attractions there are also extra charges for specific activities or entertainment, beyond the general admission, such as an optional guided tour of the town, for example, or for a special event that only happens once or twice during the season.

Other Sources of Revenue

Some attractions also generate revenues by renting out their facilities for special events or functions, such as company picnics and weddings, and through catering services provided for such functions.

Community attractions generate their revenues from these same sources, but, in addition, they may generate significant portions of their revenue from sources such as:

- Sale of memberships;
- Corporate sponsorships;
- Community fundraising;
- Various public sector sources such as employment assistance programs;
- Community meetings and events;
- Regular community programs, such as children's programs, workshops, training and educational sessions.

SECTION 3

The Market for Attractions in Nova Scotia

SECTION 3

THE MARKET FOR ATTRACTIONS IN NOVA SCOTIA

3.1 Market Segments

The market for attractions consists of different market segments. A market segment is a community of prospective customers who share some common characteristics and, presumably, can be appealed to in similar ways. Market segments can be defined in different ways, such as the following:

- Geography – where they live;
- Demographics – their age, income, family composition, education;
- Psychographics – what their interests and tastes are, what they believe to be important;
- Purpose of trip – vacation, tour, business, meeting/conference, visiting relatives;
- Means of travel – by auto, air, rail;
- Use-frequency and seasonality – by how often and when they travel;
- Channel of distribution – by how the customer books the trip, for example, by booking a motorcoach tour through a travel agent.

Some types of tourism businesses promote their products to consumers in market areas far from their location. Resorts are an example, as are major attractions and major special events. These are demand generators - the types of businesses that typically motivate consumers to come to their destination to experience their product.

Most local attractions, on the other hand, either depend on people who are coming to the area for other reasons or may only be part of the reason people come to a community. And many, as mentioned earlier, also depend to a large extent on the local and regional resident market.

As a consequence, most local community attractions should generally focus on visitor markets who are already in the area or who are planning a trip to the area, or on the local and regional resident market.

It is important that a person planning a local attraction identify the mix of market segments that are likely to patronize the business, so as to better design the mix of services to be offered and to better target marketing activities. There can be significant differences in the needs and preferences of different market segments.

Market segments for a local attraction generally include a combination of the following segments. Note that not all of these market segments will be relevant for all types of attractions.

- Local residents (from the immediate community);
- Regional residents (generally from within a one to two hour drive);
- Tourists staying in the community or nearby, either in commercial accommodations or visiting local residents. Tourists includes visitors to the province as well as residents of the province travelling around Nova Scotia.
- Other tourists passing through the area;
- Business visitors;
- Meeting, conference, convention, and incentive travel visitors;
- Motorcoach tour visitors;
- Special groups such as school groups, clubs or corporate groups.

The markets for an attraction may be further defined according to interests or characteristics, for example:

- Tourist markets having an interest in history/heritage, or culture, or art;
- Resident 'family' markets or 'seniors' markets.

3.2 The Nova Scotia Tourist Market

The markets for local attractions include visitors from outside the province, as well as residents of the province travelling within Nova Scotia.

Volume of Tourism Activity

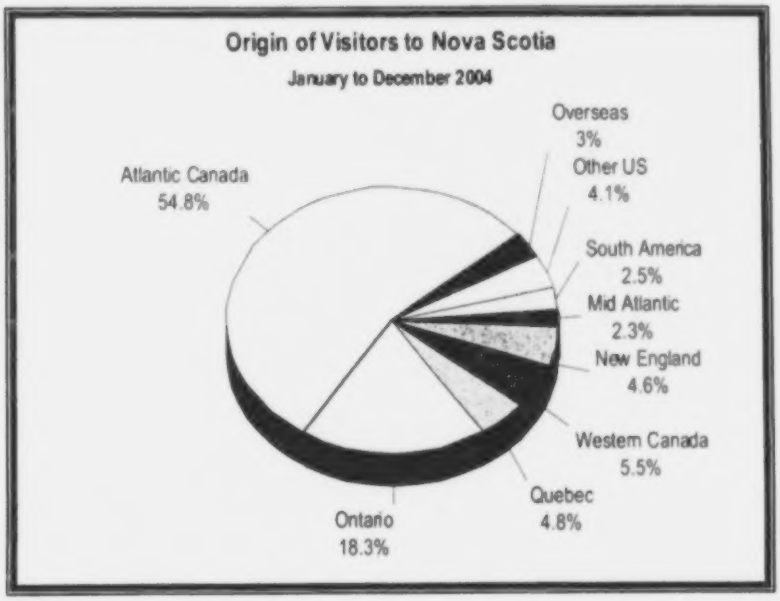
Tourism in Nova Scotia is big business with almost $1.3 billion in direct spending by tourists (includes spending by out-of-province visitors as well as Nova Scotians travelling within the province) in 2004. Tourism directly or indirectly employs over 33,000 people in the province and generates some $119 million in provincial and municipal tax revenues.

Visitors to Nova Scotia

There were 2.24 million visitors to Nova Scotia during 2004, up 5% from 2003 levels. Increases were seen in almost all modes of travel (except recreational vehicles), but particularly in arrivals by air which were up 12% over 2003 levels. The increase in air arrivals in 2004 continues a longer term trend in arrivals by this mode of transportation which were up 12% in 2003 (the only mode showing an increase in 2003), and 7% in 2002.

This data includes visitors travelling for all purposes - for vacation/pleasure, to visit friends and relatives, for business and for personal reasons.

The majority of visitors to Nova Scotia are from other parts of Canada, particularly Atlantic Canada which accounted for 55% of visitors (1.24 million persons) during 2004, up 6% from the preceding year. Visitors from the US also increased in 2004, by 8%, with 304,000 Americans visiting the province. Some 67,000 visitors from overseas came to Nova Scotia in 2004. The origin of visitors to Nova Scotia for the total year is illustrated in the graphs below.



During the May to October period in 2004, there were some 1.54 million visitors with some 48% from Atlantic Canada, 20% from Ontario, 6% from Western Canada, 5% from Quebec and 17% from the United States.

Up-to-date information on the volume of visitors to Nova Scotia and their mode of transportation as well as accommodation and campground activity, by region is provided in *Tourism Insights*, a publication of the Tourism Division, Department of Tourism, Culture and Heritage. It can be found on-line at http://www.gov.ns.ca/dtc/pubs/insights/

The Tourism Division, Department of Tourism, Culture and Heritage conducts a Visitor Exit Survey (VES) every four years or so. A VES was undertaken in 2004 but the results were not available at the time this manual was updated. Check the Nova Scotia Tourism Partnership Council web site (www.nstpc.com), Research section for the report on the most recent Visitor Exit Survey.

Participation by Visitors in Attractions

Data from the 2000 Visitor Exit Survey, provided in the tables on the following page, provides an indication of the level of interest of the province's visitor markets in different types of attractions. This data applies to visitors during the May to October period only. As illustrated, the interest in various types of attractions is quite varied for visitors from different origins and for those travelling to the province for different reasons.

Nova Scotians Travelling within the Province

Nova Scotians themselves are also a major factor in the province's tourism industry, making over 5.8 million person trips annually within the province. Some 3.8 million of these are same day trips and just over 2 million are overnight trips. A trip is defined as any overnight trip or a same day trip of at least 80km one way, excluding commuting to work and commercial sales trips.

They include trips to visit friends and relatives (accounts for almost 30% of the 5.8 million trips), for pleasure (37% of all trips), business and for personal reasons such as medical appointments.

Participation Rates in Selected Attractions and Activities, by Visitors Travelling to Nova Scotia from Different Origins

Activity	Overall Participation Rate	Atlantic Canada	Other Canada	International (Incl. US & Overseas)
Leisure Walking/Hiking	55%	38%	65%	73%
Craft Shops/Studios	45%	26%	57%	64%
National/Provincial Historic Sites	36%	17%	46%	56%
Museums	28%	10%	38%	47%
National/Provincial Natural Park	24%	8%	33%	42%
Special Events/Festivals	20%	15%	25%	21%
Live Music/Dance	21%	16%	26%	23%
Art Galleries	12%	3%	17%	21%
Wilderness Hiking	7%	3%	8%	13%
Guided Tours	7%	2%	10%	13%
Fishing/Sightseeing Boat Tour	7%	4%	11%	10%
Whale/seabird Boat Tour	5%	2%	7%	11%
Live Theatre	5%	4%	7%	4%

Participation Rates in Selected Attractions and Activities, by Visitors Travelling to Nova Scotia for Different Reasons

Activity	Overall Participation Rate	Business	Pleasure	Visiting Friends and Relatives
Leisure Walking/Hiking	55%	33%	70%	57%
Craft Shops/Studios	45%	24%	65%	45%
National/Provincial Historic Sites	36%	22%	65%	32%
Museums	28%	14%	50%	22%
National/Provincial Natural Park	24%	N/A	39%	13%
Special Events/Festivals	20%	8%	21%	22%
Live Performing Music/Dance	21%	N/A	24%	15%
Art Galleries	12%	5%	22%	9%
Wilderness Hiking	7%	2%	12%	7%
Guided Tours	7%	5%	14%	4%
Fishing/Sightseeing Boat Tour	7%	N/A	9%	6%
Whale/seabird Boat Tour	5%	N/A	11%	2%
Live Theatre	5%	N/A	6%	4%

3.3 The Nova Scotia Tourism Partnership Council

The Nova Scotia Tourism Partnership Council (TPC) is an industry and government partnership that shares in planning and decision making for tourism marketing, research and product development in Nova Scotia. The TPC works with industry stakeholders to realize Nova Scotia's potential as a world class four season destination. It was established following a 1996 Tourism Strategy for Nova Scotia that, among other things, called for a true partnership between the tourism industry and government in everything from marketing to research and tourism development.

The Council consists of 16 members, 14 of whom are tourism industry leaders, managers and business owners. Members of the TPC are selected through an industry call for applications. They must be owners, operators or senior managers of tourism related businesses, and consideration is given to various other criteria, in the selection of members.

The TPC has three core committees - an Executive Committee, a Long-Term Integrated Planning Committee and a Short-Term Integrated Planning Committee.

The TPC oversees the development of the Tourism Plan annually which is presented to the industry at the TIANS fall tourism conference. The Council is also involved in a wide variety of other programs and initiatives. Visit their website at www.nstpc.com for up-to-date information.

3.4 Nova Scotia's Vison for Tourism - Challenging Ourselves

"100% Tourism Revenue Growth by 2012"

The Tourism Partnership Council's Vision Committee spent two years (2000-2002) developing a process to create a Vision for Nova Scotia's Tourism industry. The Committee looked at issues that the tourism sector could influence or change that would help to create growth and improve industry performance. After a process that included industry workshops and consultations, 11 Vision recommendations were identified for implementation.

These recommendations cover product development, environment, the administration of tourism, marketing, technology, quality, human resources, transportation and research. Responsibility for leading the implementation of the recommendations has been divided between the Tourism Partnership Council, TIANS and the Department of Tourism, Culture and Heritage. For up-to-date information on the implementation of Nova Scotia's Vision for Tourism, check the Tourism Vision section of the TPC's website (www.nstpc.com and select Tourism Vision from the menu bar).

The Tourism Vision is a catalyst to assist Nova Scotia's tourism industry to evolve and grow. It is not cast in stone and is an "unfolding process". Achieving the Vision will require change - by all tourism stakeholders including individual businesses - in how tourism is managed and delivered in Nova Scotia so as to improve quality and generate increased tourism revenues.

Success will be measured "not only by growth in revenues but our ability to work together, maintain our culture and authentic character, develop new markets and products, attract new visitors and improve the recognition of our sector's contributions to our province and various levels of government".

For more information on how you can be involved in the Vision for Tourism, visit www.nstpc.com

3.5 Market Trends and Contemporary Consumer Expectations

Many market trends have implications for attractions. Consumer tastes and expectations change over time and consumers are becoming more demanding in a number of respects as well. Some of the major trends and changes we have seen in recent years, as well as trends of direct relevance to the attractions sector, are presented below:

General Trends with Implications for Travel

- The population of North America is changing, largely due to the *aging of the Baby Boom generation and the resultant growth in the mature population*. These growth markets of the next 10 - 15 years will be today's young seniors and the aging baby boomers. These market segments are generally much more wealthy than earlier generations, and have a strong interest in travel. They will have the time and resources for travel and are seeking new experiences. They are also more educated than earlier generations, highly sophisticated and individualistic and they expect, and demand, good quality and professional service.

- Value is important to travellers, and is perceived to be a mixture of price, quality and convenience. Today, the convenience factor is more important than price, due to the increasing pressures on today's consumers to manage conflicting pressures on their time. it.

- The baby boomers have demanded more from their travel than previous generations, particularly in their leisure travel. They have been responsible for the growth in experiential tourism - a desire for experiences that are meaningful and memorable. "Experiential tourism encourages visitors to participate and promotes activities that draw people into cultures, communities and the outdoors... It shows rather than describes. It encourages people to actively participate in the experience ... it is very personal and individual... they seek diverse experiences that match their interests and provide a sense of personal accomplishment"[2]

- Providing a superior quality of customer service is essential and must carry through every facet of the product including service standards, facilities, activities and standards of cleanliness and maintenance.

- There is a growth in off-season travel.

- There is growing interest in culture and heritage. Consumers want to experience other cultures as part of their travel, and also to learn about the history and heritage of an area.

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[2] Minister's Round Table on Parks Canada, 2005, Pre-Reading Material - Facilitate Visitor Experience, page 1

Destinations need to understand how to make their culture and heritage interesting and accessible to travel markets.

- The growth in the use of the Internet has had profound implications for the tourism industry and for consumers. It has provided the industry with a powerful and very cost-effective new marketing tool. And it has empowered consumers by making it very easy to research travel offerings and shop for deals.

Trends and Implications for the Attractions Sector

- Today's tourists prefer authenticity in their attractions experience. They want experiences that are genuine, not contrived, and they are more discriminating in this respect than in the past.
- Consumers expect staff to be very knowledgeable about the features of the attraction and the things they will see or experience.
- A growing awareness and appreciation of culture and the performing arts is resulting in *increasing demand for cultural and entertainment-based attractions.*
- The increasing number of older Canadians will also result in an increase in the number of those with the available time and the interest in volunteering; this will be a welcome benefit to community attractions which heavily rely on this resource.
- The growing interest in heritage attractions can be attributed to the growing number of older adults, an increasing awareness of heritage and historic attractions, greater affluence, higher levels of education, and increased mobility. As well, people are experiencing a *renewed nostalgia for the past,* and becoming more interested in understanding their own heritage as well as the history of other peoples.
- Today's markets expect a high level of interpretation, opportunities for interactive participation, and a fun, hands-on learning opportunity. Heritage attractions are becoming more interactive and participatory, with increased use of programming such as 'living history', costumed animation, re-enactments and multi-media technology to re-create the sights, sounds, and even smells of the past. These types of experiences all help to create a higher entertainment value and justify increased admission prices.
- Attractions have to respond to the growing demand for participatory and experiential experiences by developing creative and innovative programming which is memorable, unique and educational and serves to inform and stimulate the visitor.
- There is *less interest in static, purely informative educational experiences.* Static interpretive displays at attractions are increasingly being replaced by hands-on exhibitry using various forms of multi-media to immerse the visitor in the experience.
- There is a resurgence in the *value and importance of family.* Developing family closeness, spending time together, and enjoying recreational and leisure pursuits with family members is a strong social aspiration of today's society. Attractions can benefit from this trend by developing features and programming that are geared to the entire family unit - those which offer something for the toddler, teen, parent, and grandparent.

- At the same time, today's parents are seeking entertainment options that provide "*edutainment*"– entertainment that has the added benefit of learning at the same time. Parents want to feel good about how they spend their valuable time and money, and what benefits are gained by their children from the experience. With a little thought and creativity, attractions can cater to this new trend by developing programming that gets children to think while still providing enough entertainment value.

- Technological advancements and the consumer's rising awareness and familiarity with technology are shaping the future of attractions. Computer games, sophisticated 3-D video games, high tech movies such as IMAX, big thrill attractions such as Universal Studios in California and Florida – today's consumer has experienced many of these types of leisure activities and they are becoming the standard against which leisure experiences are measured.

3.6 Product Trends

Attractions have evolved in a variety of ways, in response to changes in the market and the expectations of consumers. Some of the more notable product trends with respect to attractions include:

- "Living history," entertainment and animation is increasingly being used to interpret historic sites and attractions;

- New amusements and techniques of interpretation (e.g., laser games, interactive/multi-media, audio-animatronics, simulators, 360 degree cinema, holograms, virtual reality) are being introduced in attractions.

- Waterfront and urban redevelopments are frequently incorporating shopping, dining, attractions and entertainment and being designed to appeal to both resident and visitor markets;

- Elements that encourage the interactive participation of visitors are being incorporated in many of today's attractions, including historic attractions, science centres, entertainment attractions and even in themed dining facilities;

- Attraction and entertainment 'mega-plexes', incorporating IMAX or other high-tech theatres, multi-screen cinemas, electronic games, bookstores and themed restaurants are becoming commonplace in North American cities;

- The explosive use of information technology is fundamentally influencing the way attractions are designed and operated today. Today people can "surf" the Net, play virtual reality games, gamble at a virtual casino, and even watch pay-per-view movies from their PC. They can view your attraction's website, see a video clip, and even experience an on-line virtual reality tour of your attraction.

  Another consideration is that today's rapidly expanding market of on-line surfers are "information hounds"; they expect informative and entertaining web sites. They are also referred to as "techno-junkies" because they have a thirst for technology and innovative entertainment, and this is carried through in their leisure and recreation choices.

- There have been renewed efforts by attractions operators in both the U.S. and Canada to cater to the physically and mentally challenged. Advances in technology are enabling people with disabilities to participate more fully in attractions. For example, deaf persons can see the words of a narrator in a museum, and virtual reality will eventually provide even the most severely challenged the opportunity to experience activities and settings never before imagined.

- Many natural, cultural and heritage attractions are adding learning programs to attract higher yield, special interest market segments.

SECTION 4

Requirements for Success

SECTION 4

REQUIREMENTS FOR SUCCESS

The attractions business is a challenging one, and success is dependent on a variety of things. The way you design and develop your business, how you operate it, and how you market it will all play major roles in determining how well you do. Rather than leave it to chance, the smart operator is sensitive to success variables in the business. We will consider the key variables.

Each of these are principles of what it takes to succeed. They should be read as an overview of what you need to accomplish. How you accomplish them is the subject of the rest of the manual.

4.1 The Marketing Concept Approach to Designing Your Attraction

To be successful today, owners and managers of tourism businesses have to have a marketing orientation – a customer focus. That means everyone in the business must make decisions by asking the question, "How can I best meet the needs of the market and the individual customer?" Marketing orientation can be defined as follows:

> *"Marketing orientation is a way of thinking - a frame of mind. It is, if you like, a business philosophy. If you adopt a marketing orientation, it means that whenever you think about your business, you do so from your customers' point of view, not from your own. It means accepting the idea that the purpose of your business is to serve the wants and needs of your customers, and to meet or exceed their expectations.*
>
> *In other words, it means putting your customers first. For this reason, it is sometimes also called a customer orientation.*[3]

Why is this so important? Why can't we just do what we think is best? Because satisfying a customer's expectations involves doing a lot of things right, and that doesn't happen easily.

Some tourism businesses think it is good enough to have a decent sign in front of their property and buy an ad in the Nova Scotia Travel Guide ("Doers and Dreamers" Guide) and then wait for customers to come. Others - those taking a marketing orientation to their business - make an effort to identify their best market prospects, modify their product to best serve the needs and demands of the different groups they are targeting, and then design their marketing activities to focus on these groups. While having a good sign and an ad in the "Doers and Dreamers" Guide will very likely be part of this approach, these should not be relied on, by themselves, to bring the business in the door.

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[3] The Economic Planning Group, Tourism is Your Business: Marketing Management, prepared for Tourism Canada, 1986

Even for community attractions, having a marketing orientation is still important. The more interesting and appealing your attraction is to the different market segments available to your community, and the higher the quality of experience you provide to your customers, the more visitors you will attract. Not only will this help your bottom line, but it will also help the tourism industry generally in your community by providing a larger market for facilities and services such as accommodations and restaurants.

In the attractions business, achieving success in attracting a diverse mix of market segments is accomplished through staging special exhibits, special events and special programming that is customized for the targeted market segments.

If your main objective as a community attraction is to preserve a building or part of your community's heritage, having a marketing orientation can still help. The more successful you are in attracting visitors, the higher a profile you will have in the community, and the more revenue you are likely to generate to help support your preservation efforts.

4.2 The Strategic Plan

Developing your attraction in the context of **the marketing concept** requires a strategic plan for the business, one that identifies the best market opportunities along with all the key business features necessary to successfully and profitably pursue those opportunities. The strategic plan is an overall, long term plan for the business, setting out the following:

- The long term vision and goals, and the measurable objectives for the business
- The markets to be pursued and the marketing strategies and networks to be employed
- The products and services to be developed and delivered that will have the features necessary for them to succeed in the competitive marketplace
- The resources that will be brought to bear in achieving success and profitability
- The tracking tools to measure progress

The specifics of what is required for success are set out below.

4.3 Location, Location, Location

It has been said that in business the three most important things are location, location and location. This certainly applies to many types of tourism businesses, and especially to attractions. Having a good location means, firstly, being located in a community or area that has sufficient market potential and, secondly, having a site that helps you maximize attendance.

It is vital that you locate your attraction where there is a ready market for it and where the market is large enough to support it. It is also important that there be accommodations and other things to see and do in the area to draw and hold visitors, and to create a critical mass of activities and experiences to encourage visits to your community.

And your site needs to be one that is easily accessible and highly visible to both residents and visitors. Preferably, it should also be located near or adjacent to complementary attractions and services.

When considering the type of attraction you are going to develop, the location is of particular importance. For example, if your community is close to a larger urban market area, you could consider attraction types that depend more heavily on the local and regional resident market. On the other hand, if you are in a small community, with no nearby urban markets but with a large tourist market during the June through September period, you want to make sure that the attraction concept you develop appeals strongly to the available tourist markets.

4.4 Quality of Experience

A key factor in the success of your attraction will be the quality of the experience you provide to your customers. You want your attraction to stand out as something that is a "must do" experience for visitors to your community and region. To do this, you need to make sure that you deliver a high-quality attraction experience, one that offers a high entertainment value and one that is experiential - unique, memorable and that matches the interests of the visitors.

The high-quality attraction experience must carry throughout the attraction - from the arrival and entrance area, through the exhibitry, programming and other elements of the attractions experience to the support services such as food and beverage, the gift shop, the staff and level of service, and the programs and interpretation provided.

In order to ensure that you provide a high-quality attraction experience, you need to consider market trends and expectations, the types of attractions experiences that are successful elsewhere and what types of unique and memorable experiences you can provide at your attraction. You need to make sure that your attraction offers genuine, relevant and respectful experiences that build on the unique characteristics and heritage of your community.

4.5 Critical Mass

A related issue is "critical mass". The issue of critical mass is important within the attraction itself but also within the community.

The attraction experience must offer a sufficient mix of experiences, attraction elements, etc. so as to be worthwhile visiting and worth spending money at. If the attraction has only one or two elements, then they must be of sufficient scope and entertainment value by themselves to create the critical mass.

The critical mass need not be found totally within the attraction itself. In many cases, a combination of complementary attractions, activities, events and other experiences within a community can work together to create sufficient critical mass to make it a worthwhile destination. In this situation, it is important for the attraction to work closely with other attractions and things to do with joint programming, packaging and marketing so as to create the impression in the marketplace that there is a sufficient mix of things to do and see to be worth the trip.

In summary, an attraction either needs to have its own critical mass to draw visitors, or it needs to be able to feed off the drawing power of the community as a destination, or both. Having both is the best situation.

The issue of "critical mass" is explored in more detail in Section 8.

4.6 Entertainment Value

Your attraction must provide a high standard of entertainment value, as defined earlier, and the prices you charge must be directly related to the entertainment value provided. The more you have, the longer people will be prepared to stay and enjoy the experience, and the more people will be willing to pay for it.

Ways of maximizing your entertainment value are discussed in Section 8.

4.7. Programming, Special Events, Functions - (Attracting Additional Markets and Creating Reasons to Return)

To maximize attendance at your attraction, you need to attract as many different market segments as possible, and you also need to create reasons for your customers to return, time after time. This is a challenge, particularly if you have limited budgets, but there are some techniques for doing this.

Special programming is one technique you can use. This involves the staging of temporary exhibits or activities that appeal to specific audiences. Special events can do the same thing. They are both flexible techniques that allow you to design specialized and customized experiences that will appeal to particular markets.

These techniques can also be used to give your traditional markets reasons to come more often. New experiences provide reasons to come again. It helps get you around the "been there; done that" syndrome that is the bane of the attractions business.

You might also consider renting out your facilities, if they are appropriate, for community and corporate functions and events. Not only will this bring in revenue, it will also expose your attraction to more, and perhaps different, markets.

4.8 Avoiding Market Burnout

Most attractions have a life cycle. Several variables play a role in determining the life cycle – market burnout, reinvestment in the attraction and competitive activity.

Market burnout occurs when residents and visitors to the area have seen what the attraction has to offer, and do not have any reason to return – there is nothing new to see or experience. The market burnout phenomenon is particularly relevant in attractions that cater primarily to resident markets.

In order to avoid market burnout, you need to create new reasons for your customers to return. Depending on the type of attraction, this can be done, to some extent, through programming and special events as described above, but over the long-term, it will require reinvestment in new attraction features or elements. A prime example of reinvestment is the Disney Corporation which has added new rides and features to existing attractions, and built new ones such as the Wild Animal Kingdom, all designed to encourage people that have been to Disney before to return again and again. The concept also applies to local attractions.

In summary, there are two determinants of long-term success for an attraction to avoid market burnout. First, periodic reinvestment over the life of the attraction, and secondly, the introduction of programming and/or special events. Both of these can provide new reasons for customers to come again and again.

4.9 Quality Website and Internet Strategy

The Internet has rapidly become a vital tool for every tourism business. It provides ready access to all kinds of information of value to the business. It also makes possible the website, which companies are increasingly finding to be their primary marketing tool today. Having a good website is a vital part of every tourism business; not having one, or a reasonably good one, is a dis-qualifier in many markets.

Having a website is not the only issue associated with the Internet, as discussed below. It also makes possible email, and modern e-marketing techniques.

4.10 Market Segmentation Approach

As mentioned earlier, a market segment is a community of prospective customers who share some common characteristics and, presumably, can be appealed to in similar ways. A market segment can be an age group, residents of a particular community, members of an organization, people sharing an interest in a certain historical theme related to your attraction, and so on.

Careful attention should be given in the initial planning stages to the mix of market segments that offers the most potential for your attraction – particularly those segments for which your attraction will have a competitive advantage. Other considerations include market size (Is the market large enough to offer significant potential?), whether it is growing or declining, and whether it's reasonable to expect the markets available to you to have an interest in the type of attraction you are planning. For example, if you are located in a summer beach destination, you want to develop an attraction that caters to the family market, rather than a museum, which appeals primarily to a more mature market segment.

4.11 Unique Selling Propositions and Competitive Advantages

Marketers talk about USPs, which are the Unique Selling Propositions put forward by a business to maximize market interest and establish competitive advantage. A USP is, in effect, a feature contributing to what makes you special – the unique appeal of your product for the customer.

A USP for an attraction is likely to be based on the unique experiences the attraction offers, or it might be based on the theming of the attraction. It might also be based on a special program, customized interpretive services, or a program of animation that provides a high quality educational experience.

Having at least one, and preferably more than one, USP for each of the major markets you are targeting is fundamental to success.

A related factor is competitive advantage. This is the advantage one business has over another in the marketplace in its ability to draw customers. It may be a more accessible or convenient location, an exclusive feature not available to competitors, a broader range of services, or simply better or more friendly service.

4.12 Marketing to Targeted Market Segments

A good marketing plan is essential, and marketing efforts need to be carefully targeted to the chosen market segments. The attraction should have a marketing strategy for each of its identified target markets. Marketing is expensive and the marketing options need to be carefully researched in order to assess how to allocate resources most effectively.

Effective targeted marketing is vital if marketing expenditures are to be effective. Unfortunately, much of what is spent on marketing by tourism businesses is often ineffective, since it is not well targeted to real prospects. We will consider this topic in more detail in Section 11.

4.13 Sufficient Market Potential

The preceding characteristics will not be adequate for success if the market isn't big enough to support your attraction. Are there significant numbers of visitors coming to your community? Do you have a large or reasonably large resident market within a half hour to one-hour drive? Are there other attractions and things to see and do in the area that appear to be getting high numbers of visitors? Or does limited attendance at existing attractions indicate an inadequate market size? (Keep in mind, however, that it may be that the other attraction is not offering a quality experience and/or a high level of entertainment value).

When considering whether you have sufficient market potential, keep in mind that only a portion of the visitor and resident markets available to you will actually have an interest in visiting the attraction, and only some of these will be prepared to pay an admission fee to do so.

4.14 Multi-Season Potential

One of the challenges confronting Nova Scotia's tourism industry is its seasonality. The province is more fortunate than many regions of Canada in that it enjoys a tourism season that extends well into the fall, and it is lengthening each year. However, it is still a challenge to maintain sufficient business volumes and high enough prices throughout a major portion of the year to sustain your business.

It is important, however, that the attraction be able to cater to a combination of market segments that, together, have significant potential to sustain the business through more than one season, and preferably for several seasons. These should be markets which don't require heavily discounted rates to draw them to your attraction.

Your local and regional resident markets can provide a year-round market for your attraction, if you provide the types of facilities, programs and activities to appeal to them in different seasons. The ability to generate revenue from sources such as these can be a critical factor in the success of your attraction business.

4.15 Aggressive Marketing

Attractions need to maintain an aggressive marketing program in order to continue to be successful. Attractions are very sensitive to marketing – a well-planned, aggressive marketing program targeting carefully selected markets can have a major impact on visitation to the attraction.

Without such a marketing program, attendance levels are likely to be well below their potential. Regular special promotions, designed to keep the attraction "front of mind," particularly in the important local and regional resident market, are also important. The effectiveness of these special promotions will be enhanced if they are linked to special programming and special events.

4.16 Marketing Network(s)

In the tourism industry many companies find it worthwhile to link their marketing efforts to those of others. The idea is to piggyback on the marketing program and resources of others that are targeting the same markets as you and that are willing to work with you, thereby extending your marketing reach and effectiveness. Examples include:

- Nova Scotia Tourism Partnership Council partnership marketing programs
- Your regional or city destination marketing organization, such as Destination Halifax or the South Shore Tourism Association
- The travel trade - tour operators and receptive operators
- Destination management companies (for meetings business)
- Packaging partnerships with suppliers of complementary products and services
- Other 'homemade' alliances of like-minded operators willing to work together

Developing and maintaining such relationships and networks can be very valuable for your business. Also everyone at the destination is part of the 'destination sell' and needs to work together to that end.

4.17 Entrepreneurship

Entrepreneurship is the art of being an entrepreneur. An entrepreneur is a business person who, in operating a business, is constantly responding to market opportunities and challenges. An entrepreneur sees the business as a mix of assets and people who can respond to unfulfilled market opportunities that may arise, rather than as a fixed, unchanging product. The entrepreneur operates on the assumption that markets are changing constantly, that competitive advantage is a temporary thing, that customer loyalty is fickle, and that opportunities come and go. In short, a business person who fully adopts what was earlier described as a marketing orientation.

You don't need to be a private business person to take an entrepreneurial approach to attraction development and operation. And taking an entrepreneurial approach doesn't necessarily mean that you have to disregard other objectives that are important to your community attraction. The challenge is to maintain a balance in your approach.

4.18 Flexibility to Adapt and Grow

Part of successful planning for any business is anticipating the need to adapt and grow. Increased demand may dictate an expansion at some point in the future. Initial planning should, therefore, anticipate the possibility of future expansion.

Similar attention should be given to being able to make changes in the business. It may be necessary to shift the market mix of the attraction if one or more markets are disappointing, if others prove to be better, or if entirely new market opportunities open up.

Your original planning and design should anticipate using your attraction facilities for a variety of uses as well as the possible future conversion of your facilities and programming to somewhat different features and programming. It is easier to adapt later if your attraction has some built-in flexibility. You also need to plan for the addition of new attraction features and which will be necessary to renew the appeal of the attraction in the marketplace.

4.19 Management and Staff Skills

The attractions business is a difficult one at which to succeed, and it requires concerted effort and professional skills in many areas. Too many community groups and developers underestimate the complexities involved and enter the business ill-prepared in terms of expertise and skills.

In addition to entrepreneurial skills, the successful attraction operator must develop basic understanding in a wide range of areas, as illustrated in Exhibit 1.

Staff skills in many areas are also important, particularly in dealing with the customer and delivering a quality interpretive program. These are addressed in more detail in Section 10.

4.20 Computer Skills

The computer has become an indispensable tool for every business today, so having computer skills is now a virtual necessity for most business people, including community attractions. Managers and staff need to be able to use word processing to record information and communicate by mail, to send and receive email, to do research on the Internet, to maintain a decent website and to use a spread sheet for budgeting. The computer is a also a vital part of virtually all modern internal business systems, including revenue management systems.

EXHIBIT 1

BASIC MANAGEMENT SKILLS REQUIRED FOR A SUCCESSFUL ATTRACTION BUSINESS

ENTREPRENEURSHIP
- understanding and acceptance of the marketing concept
- understanding of what the customer is looking for
- knowledge about how to reach the customer and what will appeal to different market segments

MARKETING
- Internet marketing
- brochure design and distribution
- direct mail
- developing packages
- public relations
- contra promotions
- group sales
- working with the travel trade
- advertising media
- direct selling
- market research
- promotions
- publicity
- ad design
- pricing, commissions and discounting
- marketing effectiveness measurement

HUMAN RESOURCES
- hiring and training staff
- staff motivation
- organizational structure
- supervision
- working with volunteers
- working with community boards

OPERATIONS
- interpretive programming
- equipment maintenance (depending largely upon the type of attraction)
- regulatory and legal requirements
- reservations systems

FOOD AND BEVERAGE/RETAIL (where applicable)
- food and beverage administration
- pricing
- purchasing
- menu planning
- inventory management and control

ADMINISTRATION
- sales administration, including reservations, coordination of groups
- use of computers and business software
- business planning and budgeting
- property management
- payroll
- business regulations
- accounting and financial control
- finance

Suggestions on how to acquire these skills are considered in Section 10.

4.21 Pricing for Profit

Knowledge of pricing techniques is very important. Several objectives have to be achieved:

- Having prices that are competitive with other similar attractions in your market area;
- Having different prices for each target market segment, e.g. adults, children, seniors, groups;
- Having different prices for different seasons, e.g. peak season, shoulder season;
- Operating a profitable attraction, or at least breaking-even if you are a community attraction;
- Being able to repay any financing and achieving a return on your investment.
- Being able to maximize revenues through offering value added products and packages to increase yield in high season and increase demand in the shoulder and off seasons.

Pricing your attraction is addressed in Sections 7 and 10.

4.22 Sensitivity in Planning and Design

Being sensitive to community concerns and local issues will be an important factor in building community support for your attraction. When planning your attraction concept and its location, and when designing the facility, pay careful consideration to local issues. Consider things such as the potential impact on traffic flows and demand for parking spaces, and whether the attraction is "fits" with the character and appeals of the town.

For example, a community that is very proud of its heritage character and buildings may not react well to plans to establish a go-kart track on a site close to the downtown core. You will also want to consider other ongoing community initiatives and whether there are opportunities for linkages with your attraction.

4.23 Sufficient Capital and Affordable Debt

It is important that you have a solid, well-developed financial plan including a detailed capital budget as well as accurate and realistic multi-year cash flow projections.

You have to have the capital available to establish and develop the attraction. You also need to have sufficient working capital available. Working capital is the cash available to run the business and deal with short term, unexpected expenditures.

If you are establishing a commercial attraction and your financing includes loans, it is vital that your debt burden not be so high that it drains away all of your operating profit, leaving no money to reinvest in the business or for your future profits.

You will face the need for further capital additions from time to time – in fact, in the attractions business it is essential that you re-invest in the business and add new attraction features to renew the appeal of the attraction in the marketplace. The capital for these should come primarily from earnings retained in the business. Your objective should be to retire your debt in an orderly fashion and finance future asset additions out of cash flow to the maximum extent possible.

Once you are in operation, you will have to have enough ready cash to finance the day-to- day operation of the business. Too many businesses are established without adequate provision for working capital and then initial capital cost overruns use up some or all of the funds intended for operations. A business operating with inadequate working capital often ends up cutting back on marketing, staffing, and maintenance, which weakens the business and often has a negative impact on attendance and revenues. In addition, the business will be slow paying its bills and will get into trouble with its bank and creditors. It won't last long in this way.

If you are considering establishing a community, not-for-profit attraction, then you will need to undertake a program of fundraising to amass the necessary monies to develop your attraction. You will probably want to apply for capital funds through some of the government programs that are available at both the federal and provincial level. You will need to raise some funds from the community or through non-government sources since most government funding programs require that the community organization contribute at least a portion of the funds that are required to develop the project. You may also want to develop a program to attract some corporate sponsorship monies or in-kind contributions. These topics are dealt with in Section 5.

Don't forget, you will also need to raise enough cash to cover the soft costs, such as marketing and staff training, and to finance the day-to-day operation of the attraction, particularly if you are expecting an operating deficit. You will also want to consider where the funds for future additions and reinvestment will come from.

4.24 Community Support

Building interest and support within the community will also be critical to the success of your attraction project, particularly if you are going to be looking to the community for support in fundraising initiatives and ongoing operations. You need to make sure that you are up front with the community, deal with any concerns that are expressed and do the necessary advocacy with the key "movers and shakers" in your community. You will also want to develop partnerships with businesses in your community, particularly when it comes to marketing your attraction.

You may also want to look to the community to purchase memberships in your attraction, to be frequent/repeat visitors and to encourage their visiting friends and relatives to visit your facility.

You should also have an active public relations program targeted at your local community, including information on your attraction and its programs and special events, as well as periodic invitations to the community to attend special programs.

Developing community support is explored in more detail in Section 5.

4.25 Sponsorships

If you are planning a community owned/operated attraction, a program of corporate sponsorship may be crucial to your ability to raise the necessary funds to develop the attraction, and to provide ongoing support for operations. You should pay careful attention to developing a sponsorship program that acknowledges the needs of sponsors and gives them recognition for their support. Some principles for developing sponsorship programs are provided in Section 5.

4.26 Working with Volunteers and Community Boards

Again, if you are planning a community owned/operated attraction, being able to work with volunteers and with a community board will be very important to your success. Many community-owned attractions depend to a significant extent on volunteer support to staff the facility, operate the gift shop and/or food services and help out with fundraising and other necessary support programs. You will need to be able to develop a core of volunteer support, motivate your volunteers, work closely with them in the operation of the attraction, and manage them effectively.

Another important element of a community owned/operated attraction is the Board of Directors. This group will have overall responsibility for the management and operation of the facility and it will be important that you ensure that the right mix of skills and abilities are represented on your board, and also that board members have the time and commitment to play the role that is expected of them. Selecting the right people for the Board of Directors and making sure that their roles and responsibilities are clear are two factors that will be critical to your success in this respect. It is also essential that your Board of Directors be prepared to give management both the responsibility and the authority for the day to day management of the attraction, without unduly interfering in operations or attempting to "micro-manage" the attraction.

You need to ensure that there is a solid mechanism in place to provide for the long-term governance and accountability for the operation of the attraction. The stakeholders and sponsors need to ensure that there is a structure in place that will ensure a strong board of directors and the provision of adequate management on an ongoing basis.

These topics are dealt with further in Section 10.

4.27 Memberships

Membership in a variety of professional organizations can be a good way to connect with other people in the industry, to seek out partners for marketing and packaging activities and to compare notes on the operations of your attraction. Consider joining your regional tourism association, as well as the Tourism Industry Association of Nova Scotia (TIANS), the Federation of Nova Scotia Heritage (if you are a heritage attraction), as well as any appropriate sectoral associations.

4.28 Conclusion

The inescapable conclusion is that the establishment of an attraction requires careful planning. All of the foregoing success-related issues have to be adequately addressed before any commitment is made to proceed.

SECTION 5

Mobilizing the Community

SECTION 5

MOBILIZING THE COMMUNITY

This section is intended primarily for community-based, not-for-profit attractions. However, some of the points are relevant to commercial attractions too.

Developing and operating a community-based attraction will require the support and assistance of the community, not only in the initial planning and fundraising stages but also over the long term to support the operation of the attraction. It will be essential, therefore, that you involve the community in the project right from the beginning and develop the overall concept and plans for the attraction with their input. However, you must be careful to keep in mind the overall objectives of your project and not get unduly distracted from them.

Community attractions are developed for several combinations of reasons which might include:

- To provide an attraction for visitors to the community, either to encourage more visitors or encourage existing visitors to stay longer;
- To celebrate and showcase a heritage/historic resource, a natural resource or some other feature that is important to your community;
- To enhance the overall appeal of the community, for residents and visitors;
- To provide a facility for community use.

You need to be very clear what your objectives are. If the main objective is to attract visitors, then the philosophies and approaches described in this manual must be fundamental to your planning, development and operation. If your main objective is protecting a heritage resource or providing a facility for the community, then you have to decide how important it is to also achieve tourism objectives, and what compromises you are prepared to make in order to do so.

One of the fundamental issues to be dealt with by community attractions today is the issue of financial sustainability. Finding capital funds is in itself a challenge, but many funding sources today are also concerned with how the facility will cover its operating costs over the long term and, as a community attraction, you need to give this some careful consideration.

5.1 Generating Interest and Support

The idea for your community attraction probably originated with a group or association, perhaps with your local council or with an individual member of the community. It may have been driven by the need to protect or preserve an important resource, or by tourism objectives. Wherever the idea came from, there has to be someone to lead the effort, to spearhead the drive to establish the attraction. This might an individual, but it would be preferable if there were an organization or community group that was willing to take on responsibility for the planning efforts. You may want to create a new organization or work within the structure of an existing group/organization.

The first task should be to develop, within this group, a common understanding of what the objectives are and what type of attraction you want to develop. At this point, you only need a general description and concept, sufficient to be able to explain the idea to the community.

You then need to create awareness about the project and build support within the community. To do this, you might want to consider some or all of the following:

- Prepare articles for the local paper describing your ideas and asking for input and comment;
- Hold a public meeting and invite the community to come forward and provide comments and ideas;
- Make a presentation to your local council to inform them about the project and get their support;
- Hold one-on-one meetings with some of the key, influential people in the community to explain the idea to them, answer any questions they might have and get them "on-side" for the project;
- Meet with your Regional Development Authority to explore the project, and ask for advice and assistance on how to proceed. RDAs can provide a lot of help to community development projects and it will be important to get their input and support early in the process. If you have a site or building, have a representative of the RDA have a look at it.
- If tourism is to be a major focus for your attraction, meet with the local/regional tourism association to solicit ideas and support.

All of these efforts should be designed to build support for the project and to access the volunteer "people power" you are going to need to move the project ahead. You will also want to take action to soothe any naysayers – you can't afford to ignore people who are outspoken against the project. Instead, meet with them, get their ideas and input, address their concerns and, if at all possible, get them involved in the project so they become supporters instead of detractors.

You should also keep your local MLA and MP in the information loop about your plans. Their support could be important when it comes to obtaining funding.

You may also want to explore attaching your project to others that are underway in the community. For example, if your concept calls for an attraction in the downtown area of the community, and there is a downtown redevelopment initiative underway, try to integrate your plans into the overall planning initiative.

Throughout the process, you should emphasize what you are planning to achieve through the development of the attraction, and the benefits it will create for the community. Make sure you consider any potential negative impacts and address how to minimize these, or at least how to deal with them.

You also want to develop a sense of community ownership. Consider establishing a "Friends of.... " group – a network of knowledgeable, committed volunteers who are available to help in the capital fundraising and also potentially in the ongoing operations. At some attractions, "Friends of .." or similar organizations play a major role in the operation of the facility. For example, the Halifax Citadel Regimental Association is responsible for much of the animation program at the Halifax Citadel National Historic Site, and also operates the gift shop, whose revenues help support the animation program.

You will probably want to have several rounds of public/community consultation as the project proceeds – in the early, conceptual planning stages when you are looking for ideas and input, after you have the preliminary design prepared and again when the final design is completed and you have made the decision to proceed.

As you move closer to the establishment of the facility, consider some type of membership program to build a wider base of support within the community. Membership programs can be a revenue source, can build a core of committed volunteers to help operate your facility and raise funds, and can also be a source of repeat attendance.

The Implications of Having Little Community Support

As discussed above, having a strong base of community support for your project can have a wide range of positive implications. On the other hand, if you are not successful in generating widespread community support, or your base of support if very limited, there are going to be long term negative implications for your facility. These might include:

- Difficulty in getting the necessary municipal approvals and support for the project;
- Difficulty in raising the funds necessary for development;
- Challenges in operating the facility, particularly if your budget is limited and you are depending on significant levels of volunteer help;
- Difficulty in finding replacements for the core group of founding members once they decide that they want to retire;
- Over the long term, deterioration in the quality of the attraction and the experience provided to visitors.

5.2 Seeking Funding

Finding the funding for your capital development program will probably take a year or more, and will require considerable effort on your part. First of all, you need to identify potential sources of funding. These will probably include:

- Various public sector sources at the regional, provincial and federal levels;

- Corporate Sponsorship programs;
- Community fundraising initiatives.

Sponsorship and community fundraising initiatives are discussed later in this section of the report. We will first explore various public sector sources.

Public Sector Funding Sources

Public sector funding programs change frequently, with new programs added and changes made in program guidelines on a regular basis. We have not attempted to document all the available programs in this manual. Your Regional Development Authority is probably the best place to go for updated information on the programs that are currently available.

Generally, the following are potential sources of capital funding:

- Regional Development Authority;
- Nova Scotia Department of Tourism, Culture and Heritage
- Nova Scotia Office of Economic Development
- Atlantic Canada Opportunities Agency (although ACOA's focus is assisting private sector businesses, there have been some programs available that can provide support for community development initiatives, such as attractions)
- Enterprise Cape Breton Corporation;
- Human Resources and Skills Development Canada (can provide assistance with labour costs);
- Nova Scotia Museum (can provide operating assistance only, and only if your attraction qualifies as a museum);
- Local/regional municipality.

When approaching public sector departments/agencies for funding support, you will need to prepare a proposal that includes:

- Objectives and rationale for your project;
- Description of the overall concept, including preliminary conceptual design;
- Identification of target markets;
- Total capital budget and proposed sources of funding;
- Projection of operating revenues and costs, and sources of monies to cover operating costs;
- Organizational structure: who will take responsibility for the project;
- Proposed management and staffing plan;
- Marketing strategy;
- Potential economic and tourism impacts.

You will find that the government funding partners will expect you to come up with at least some portion of the total capital budget from non-public sources, either through corporate or community donations, or other fundraising initiatives. These contributions can usually include both cash and in-kind donations, but some portion of it in cash is usually essential.

Your funding partners may also want assurances from a body with resources such as the local municipality, that they would be prepared to cover any operating costs shortfalls on an ongoing basis. If this is the case, you will have to identify potential bodies who might be prepared to provide such guarantees and sell them on the merits of the project in order to obtain their commitments.

5.3 Getting Buy-In from Sponsors

With increasing cutbacks in the availability of public sector funding, many community attractions are considering corporate sponsorship programs as a means of raising capital funds and of providing ongoing support for the operation of their attraction. However, there is strong competition for sponsorship dollars. Therefore, you will need to develop your sponsorship program carefully.

Today, potential sponsors tend to evaluate their sponsorship in terms of who they reach, how many they reach, how often and how much they likely to sell as a result of their sponsorship. To be successful in attracting sponsors, an organization must be realistic, creative and have a professional approach. By realistic, we mean having an understanding of what the true value of a specific sponsorship opportunity is to the targeted sponsor. By creative, we mean that the organization must be able to match up sponsorship ideas and opportunities to sponsors who will see the most value in these opportunities. And finally, by professional approach, we are referring to the need to develop and publish a sponsorship policy and sales document that provides potential sponsors with the data and information they need to make an informed decision.

Before you approach potential sponsors, you need to do your homework. Have a clear idea, on paper and preferably with some preliminary design sketches, of your concept, its scale and the capital budget. Identify your goals, objectives, strategies, markets and expected attendance. Build a case for their support – what is this particular sponsor going to get as benefits from providing support to your project?

You should consider having several different levels of sponsorship support, such as:

- Leadership Gift/Naming Opportunity: Provides the sponsor with the right to name the facility;

- Attraction Element Sponsorship: With donor recognition provided at a specific display or elements sponsored by one donor;

- Sponsor Plaques: With donor recognition provided on a series of plaques located in the facility.

In addition to cash contributions from sponsors for capital or operating purposes, companies might also support the attraction through marketing sponsorships. This can take various forms:

The sponsor includes the attraction in its own advertising;

The sponsor develops and pays for the attraction's brochure and perhaps other collateral material;

The sponsor implements a promotional program for the attraction, accompanied by its corporate logo.

Attracting sponsorship, particularly from larger corporations, is a challenge and there are companies that specialize in helping organizations raise sponsorship dollars. If you believe there is an opportunity for significant sponsor support for your facility, you may want to explore retaining some outside expertise to assist you.

The right volunteer leadership is critical in soliciting sponsor contributions – donors give more readily and generously when they are approached by their peers. You need to make sure that you have people in your organization with connections in the business community both locally and provincially, and even nationally if your attraction is of sufficient scope and appeal.

You will probably find that having your organization registered to accept charitable donations will have a big impact on your ability to raise money, both from corporate sponsors as well as from the general public. You will have to apply to Revenue Canada for charitable status, and meet all their requirements in this respect. To be eligible for registration as a charity, the organization has to meet a public benefit test, which means it must show that:

- Its activities and purposes provide a tangible benefit to the public;
- Those people who are eligible for benefits are either the public as a whole or a significant section of it and they are not a restricted group or one where members share a private connection, and
- The charity's activities must be legal and not contrary to public policy.

The topic of charitable status is addressed in more detail in Section 9.

5.4 Community Fundraising

If you have been able to build a strong network of support within your community for the attraction you are planning, you should be able to mobilize this support toward fundraising efforts. There are numerous ideas for community fundraising, from the traditional bake sale and community supper to more ambitious programs such as auctions and lotteries.

When developing your community fundraising plans, remember that you can also target "in-kind" contributions as well as cash, in your efforts. There may well be local companies and individuals who are unable to donate cash but are able and willing to donate materials, supplies and services toward the development of your attraction, meaning that you won't have to buy these things with your hard-earned cash.

You should probably establish a separate fundraising committee, since it is often a major task in the planning for a community attraction. Make sure you have a clear vision of what you are trying to accomplish, as well as goals for your fundraising efforts and a schedule. Keep the community informed as to how your efforts are progressing so as to maintain interest and profile for your project.

You may want to consider community fund-raising programs that give recognition to people donating significant amounts, such as the plaque program described earlier for corporate sponsors.

Membership programs can also be an excellent way to get the community involved in the attraction early in the process, and help build a committed core of support. Consider different levels of membership, such as a "Founding Member" or a "Lifetime Membership" to justify charging more significant membership fees in your capital fundraising stage.

You will find that having charitable status will assist with your fundraising efforts in the local community as well.

SECTION 6

Preparing a Business Concept and Strategic Plan

SECTION 6

PREPARING A BUSINESS CONCEPT AND STRATEGIC PLAN

6.1 Identifying Opportunities, Themes and Concepts for Your Attraction

What type of attraction should you establish? Where should it be located? Is there likely to be an adequate market for it?

You need first to build a model for your attraction concept on paper, defining what type of attraction you want to develop, its main features, its location, its USPs (Unique Selling Propositions – the feature or features that contribute to making your attraction special and creating the unique appeal for the customer) and competitive advantages.

If you've been in the attractions business before, you have an advantage since your experience will have taught you valuable lessons. If not, you have to work harder to find the information you need to make good decisions.

We suggest that what you need to do first is to develop a winning concept for your attraction, by looking into what has worked well elsewhere and by focussing on what target markets are available to you and what types of experiences you can provide to encourage them to visit your attraction.

First, you need to have a general idea of the type of attraction you wish to develop. Are you thinking of an amusement attraction, an indoor or outdoor attraction, a heritage attraction, a family attraction, a high tech-attraction? Are there unique resources in your community/area that could form the basis for an attraction? If you are considering a heritage or interpretive attraction, you also need to make sure that you have an appropriate theme, one that is relevant to the community/region, and that can be interpreted in an authentic, entertaining and educational way.

For some types of community-based attractions, the concept may already be defined by the opportunity that exists. For example, your community may be trying to save a lighthouse or historic building and have decided that the approach should be to develop it as an attraction.

Find out where there are successful examples of similar types of attractions in other communities in Nova Scotia or elsewhere. Visit them; talk to the owners or managers; find out what makes them successful. What are the major challenges they face and how do they deal with them? What are their markets? How do they market? How are their markets changing? What attraction elements appeal to what types of markets? What are the major do's and don'ts of the business?

Tell them what you have in mind and ask for their constructive criticism. As long as these attractions are not going to be competing directly with you in your local market area, they are likely to be cooperative. Call them before you visit and get their agreement to talk to you.

(While you're talking to them, ask them to tell you how many visitors they get each year and what percentage are local and regional residents as opposed to tourists from away. This information will be very useful later in preparing your feasibility study and sales projections, as discussed in Section 7.)

What unique experiences can you offer? What other things are there to see and do in the community/area? Is there enough to see and do to create a "critical mass" of activity sufficient to encourage visitors to come to the community? Or are you planning an attraction that will be a demand generator for the community on its own? What sites are there available for the attraction? Are they accessible and visible to passing traffic? Are there other visitor services in the community - accommodations, restaurants, etc. to serve your customers?

You will be able to strengthen your product and your future marketing by "piggybacking" on other, established attractions and activities around the community, by working with them in packaging and in marketing so as to create the "critical mass." Such opportunities should be identified early in your planning.

Talk to the local tourism organizations about how they see the opportunity and whether they think there is room for, or a need for, a new attraction in the market. What do they think about your ideas? Do they have suggestions for types of things to include in your attraction concept? People to talk to locally include:

- The manager of the local visitor information centre (What are the unfulfilled requests? What types of things do visitors express an interest in seeing?);

- The local/regional tourism association (Do they think that visitors would be interested in the experience you can offer? Is tourism activity growing or declining? What type of growth is it?);

- Hotel managers (What are their customers looking for in terms of things to see and do? Will they partner with you in marketing?);

Depending on the type of attraction you are considering, you may also want to talk to some government departments and agencies, such as:

- Tourism Division, Nova Scotia Department of Tourism, Culture and Heritage
- Heritage Division, Nova Scotia Department of Tourism, Culture and Heritage
- Department of Natural Resources

6.2 Target Market Selection

Once you have a general idea of the type of attraction you want to establish, you need to focus on the target customers for the attraction. Who are they? What are their needs and wants? What will they be looking for in an attraction? What types of attractions are they visiting in other locations? Are there visitors coming to your community whose needs/interests are not being filled?

A detailed market assessment will be made later. At this point you are looking for general information which will help in piecing together a concept for the attraction that will work in your community, and in identifying the key elements/facilities/services that should be incorporated in your attraction.

This task is particularly important since you want to make sure you develop your attraction in a fashion that will have a strong appeal to each of the markets you have identified. You may need to offer different attraction elements or programs so as to maximize your appeal to as many target markets as possible. The informal research you have conducted so far should be very helpful in this regard, but you will also have to be open to making refinements later in the planning process.

Generally, the target markets for an attraction would include some combination of the following. The relative importance of each will vary according to the nature of the attraction:

- Local and regional resident markets including some/all of the following:
    - School Groups
    - Children
    - Families
    - Mature/seniors markets
    - Clubs/associations
    - Local meetings/functions

- Visitor markets to your community, including some/all of the following:
    - Families
    - Children
    - Mature/seniors market
    - Motorcoach tours
    - Special interest markets
    - Visiting friends and relatives
    - Business visitors
    - Festival and special event visitors

You should then collect some preliminary information on the markets available. What is the local resident population? How many tourists come each year? Are there lots of accommodations in the community, suggesting a significant market of overnight guests?

Based on what you have learned from comparable facilities elsewhere, and on your overall concept for the attraction, identify which of these target markets are likely to be most important for your attraction. The target markets offering the greatest potential for the attraction should be identified on the following basis:

- For which markets will the attraction concept and your USPs have the greatest appeal?

- For which markets will your attraction have a competitive advantage?

- How substantial are these markets? Are they large enough to justify targeting them in your product and marketing planning?

- Do these markets offer potential in the shoulder seasons (i.e., the months on either side of the peak tourist season)? What about for the rest of the year?

For each market segment that rates well on these points, you need to have a good idea of the following:

- Will they be prepared to pay a decent admission price for the attraction, or will they expect a heavily discounted price? If you have identified school groups as a major target market, for example, you cannot expect to charge the same prices as for the adult market – in fact, school groups may expect to come for free!
- Can you afford to promote to that market? Are there cost-effective measures you can use to reach the market?
- How stable is the market likely to be, year after year?
- Is the market growing? Declining?

Market and Product Trends Assessment

It is also important to look into trends in the type of attraction you are considering and in the markets you intend to target. This will provide you with ideas on how to create your competitive advantages and how to develop an attraction that responds to the expectations of the marketplace.

A valuable source of information on consumer and product trends can be other attractions operators already in business. Talk to the managers of these types of facilities, both within Nova Scotia and in other provinces and explore with them their experiences in consumer and product trends. You will want to pay particular attention to exploring what types of experiences and programs are most successful in attracting visitors.

You may also want to do some more in-depth market and/or product research, using the techniques described in more detail in Section 7.

6.3 Building the Concept for Your Attraction

How do you determine what is the best overall concept for your attraction? Which facilities/attraction elements should be given priority?

The starting point in addressing these questions is the market. Which markets are likely to produce the most customers at the best prices? In which markets are you most likely to be successful? In which markets will you enjoy competitive advantages? We've just addressed how you will approach this question.

You then want to identify attraction concept and key facility elements that meet the needs and interests of these markets. You also want to consider features that will give you flexibility to cater to different markets at different times, and you will also need flexibility and space to make additions and changes over time.

For example, if you have determined that your local and regional resident markets will be key to the success of your attraction, then you need to pay careful attention to facility elements that will permit you to maximize attendance (and repeat visitation) from these markets. You may, therefore, want to consider facility elements such as:

- Space for temporary displays and exhibits that can be changed on a regular basis;
- Space for regular programs, whether they be entertainment, educational or interpretive in nature;
- Multi-purpose space that can be used for community functions and meetings, for school programs, for weekend workshops, children's crafts programs, etc.
- Workshop space for use by community groups;
- Space for hosting festivals and special events (or elements of community-wide special events), group picnics, etc.

You also need to give careful consideration to your season of operation. Again, you should go back to your target markets and their needs and expectations, as well as the overall concept for the attraction which may, in itself, drive your season of operation. For example, if your primary target markets are tourists and you only have a very limited resident market available, then you probably will only want to operate during the prime tourism seasons, from about mid-June through Thanksgiving. Or, if your market is families with children, then your operating season will likely be limited to the peak summer period and possibly some weekends in the spring and fall.

For tourist markets, you will want to make sure that the theme and features of the attraction have truly compelling, must-see appeal. They should ideally be things that are unique and that will also be recognized as being something of real interest to visitors from far and wide. The Bell Museum in Baddeck is a good example. The museum is certainly unique but it also has a theme that is recognized by, and appeals to, international markets.

You might also do well with a theme that is more common to Nova Scotia, such as lobster fishing, and develop a unique experience that gives people an interesting insight into everything that is involved in the activity, as well as the full story about lobsters. Nova Scotia is internationally known for lobsters and there is sure to be widespread interest in such a story. But make sure the experience visitors will get is a lot more than they are likely to encounter in every seacoast community. It must be unique!

And, today, it is also important that your attraction be experiential - provide a memorable and encourage the participation of visitors such that they can have a real experience.

You should also give some consideration at this stage to a name for your attraction. This can often involve trademark considerations so it is important that you deal with it fairly early on in the process.

6.4 Marketing Strategy

In this initial stage of developing your concept, you also need to give some consideration to how the attraction will be marketed.

You will require separate strategies for each of the key target markets you have identified. For each target market, you will want to consider strategies that include:

- Direct to consumer marketing, both for regular offerings as well as special events;
- Marketing to the travel trade;
- Packaging with others in your community/area;
- Marketing partnerships with local businesses and others.

Direct to consumer marketing includes activities such as advertising in travel guides, distributing brochures. Marketing to the travel trade means selling your attraction through other distributors, businesses that promote other people's travel products. There are three main elements within the travel trade – tour operators, receptive or inbound operators and travel agents. Section 11 provides suggestions on both direct to consumer marketing activities and working with the travel trade.

The business-concept planning process should also include consideration of the opportunities to develop appealing packages based around your attraction.

A package in the tourism industry is a mix of tourism attractions and/or activities and associated visitor services that is organized into a single product and sold as such. The idea is to extend the market for your particular product by offering additional options to your customers as well as obtaining marketing partners to extend the range of your marketing activities. Packages are a growing tourism product. Customers regard them as comprehensive experiences arranged by those who know the best things to do and see at a destination. They can offer other advantages to the consumer as well, including one-stop shopping, savings, value-added features, and someone else to look after arrangements. For the tourism operator, a package can strengthen the appeal of his/her product, open up new markets that might not otherwise be available and divide marketing costs among several operators. Packages also let you customize offerings for different markets and for different periods of the week and year.

SAMPLE OF AN ATTRACTION-BASED PACKAGE FOR A NOVA SCOTIA HERITAGE ATTRACTION

- Admission to the attraction and a personal, guided tour in the morning
- Lunch in the attraction's restaurant
- Enrollment in an afternoon "learning" session on the heritage theme of the attraction
- Overnight accommodation in the local country inn
- Dinner, and breakfast
- Morning whale watching tour

In addition to packaging, you should seek out other opportunities to develop marketing partnerships within the area, thereby extending your marketing reach. Potential partners include tourism operators offering complementary experiences and services such as hotels, local tourism promotion organizations and local sightseeing tour operators, as well as other attractions in the area.

The topics of marketing strategies, packaging and partnerships are dealt with further in Section 11.

6.5 Phasing and Re-Investment

In the attractions business, it is important that you provide sufficient "critical mass" from day one, and your planning should provide for this. The issue of critical mass was explored in Section 4.

While there may be some elements that can be phased in, you must be careful to ensure that, when you start operations, you are providing enough experiences at your attraction to create enough entertainment value to attract enough visitors and justify charging an admission price that is sufficient to cover your operating costs (and pay back financing and also make a profit if you are a commercial attraction). In other words, you have to make it significant enough at the beginning so that the first phase is successful, both in the marketplace and from a financial point of view.

There is also a related point: if your initial development is minimal and does not evoke enthusiasm in the marketplace, it will be hard to change public perceptions later on when you do undertake significant expansion or growth.

6.6 Site Assessment

You should also give some consideration to site-related issues at this point as well. When selecting a site there are several factors to consider:

- Visibility and traffic flow: Is the site visible to a large volume of passing traffic? Is it visible from the main tourist route?
- Accessibility: Can your visitors get to the site easily? Will there be a significant investment required in new infrastructure to facilitate access (e.g. traffic lights, turning lanes)?
- Price of the land: Is it affordable?
- Availability of services: Are water, electricity, and sewage disposal available or able to be provided at a reasonable cost?
- The character of adjacent land uses: Do they conflict with your attractions business or are they complementary?
- Environmental constraints: Are there any potential environmental problems with the site you are considering?
- Sufficient land and a suitable site: Does the site have sufficient land for your attraction? For the parking that will be required? For possible future expansion? Is the site suitable for the type of attraction you are planning?

If you are planning a community attraction, then you may want to seek out a site that is currently publicly owned, perhaps by the local municipality, so that you can obtain it for little or no cost. Or your attraction may be based on a particular heritage building or site, in which case your options for site selection will be much more limited. However, you should take care that these types of factors don't result in a site that is totally unsuitable for an attraction. You may, in fact, be better off to purchase a high quality site in a good location than to take over a poorly located site that doesn't really provide enough space for what you want to do, but that you can get free of charge.

6.7 The Concept Plan

You should document the previously mentioned planning activities in a written summary, which will form your initial strategic business plan or project description. It should include:

- An overall description of the concept for your attraction and its key elements;
- The kinds of special events and programming you plan to have;
- The major markets to be targeted;
- Your proposed unique selling proposition (USPs) and competitive advantages for each key target market;
- The site(s) you are considering or have selected;
- Probable season(s) of operation;
- The types of opportunities for packaging and partnering in marketing.

We will next explore the issues around establishing the feasibility and financial sustainability of your attraction and then move on to explore some design issues. In fact, when planning your attraction, you need to address a number of these key topics several times – in a preliminary way when developing your overall concept; in a more detailed way in the feasibility assessment; and then again in the detailed design phase when you may have to make further refinements. As well, you will need to undertake some preliminary design work in the feasibility stage so that you can develop an estimate of capital costs.

SECTION 7

Feasibility Assessment

SECTION 7

FEASIBILITY ASSESSMENT

Will your concept work? Can you get the number of visitors you are going to need? Will revenues be sufficient to cover operating costs? If you are planning a commercial attraction, will the business make a profit - enough to pay your labour costs, cover your borrowing, and pay a return on your equity investment?

These are vital questions you will need to address in order to reduce uncertainties and risk to a minimum. The cost of making major mistakes can be the failure of your attraction. The information coming out of a feasibility assessment can help make the business a success. Why risk everything without making the best possible effort to reduce your risks?

While you may be reluctant to spend the time and money necessary for this step or think you don't need to, government funding agencies as well as your banker or other financiers are very likely to insist on it.

So, a proper feasibility assessment should be undertaken. You can do much or all of it yourself, following the process described in this manual.

If your project is a larger, more complex one, or if your banker or other sources of financing request it, you may have to have a professional feasibility study undertaken. There are ways of keeping the costs of a professional feasibility study reasonable, and you may be able to get some financial help for the study from prospective investors or a government agency. If you've done the homework described earlier in preparing your business concept and strategic plan, the feasibility study can be done a lot more quickly and economically.

A proper feasibility study, assuming a basic business concept and strategic plan have been developed, consists of the following steps:

- Market research and analysis, including analysis of comparable and competitive facilities;
- Refining the concept to maximize viability;
- Projections of revenues, operating costs, and operating profits/losses;
- Projections of capital costs and financing requirements;
- Projection of debt service, and return-on-investment (for commercial attractions).

This section of the manual describes, generally, how to do a feasibility study. If you are planning a community attraction, some of these tasks may not need to be as comprehensive as they are for a commercial attraction. However, as discussed in Section 5, with public sector funding sources placing increasing emphasis on the need for community facilities to be self-sustaining, you should give some careful thought to all of these factors.

7.1 Market Analysis

The first stage of feasibility analysis involves an assessment of markets and a determination of market potential, i.e. what your attendance is likely to be.

Research and Analysis of the Target Markets

Your previous work in developing the concept involved identifying the best target markets for the attraction you are going to develop. You now need to pull together and analyse some information on each of the key markets. The first question is:

How big is the market in my area? How many prospective customers are there?

Data is available on resident populations through the census data published by Statistics Canada. You can get breakdowns for municipalities, census regions, provinces, etc. You can download this information directly from Statistics Canada's website /www.statcan.ca) by following the links to Community Profiles. Statistics Canada can provide you with a variety of other useful information including Small Business Profiles which provide business financial statistics and can be used when developing your projections of operating expenses.

For data on tourist markets, sources include Nova Scotia's provincial Visitor Exit Surveys , Visitor Traffic Flows and Tourism Insights (all available on line at www.nstpc.com) as well as the Canadian Travel Survey and International Travel Survey (available through the CTC web site referenced earlier).

Most of the data reported is on Nova Scotia as a whole, but what you need to try to find out is how big the tourist market is in your community or area. This can be a problem since such data are rarely readily available. Local tourism-related organizations may have done some research on the tourism markets in your area. We suggest you talk to sources such as the local visitor information centre, Chamber of Commerce, Regional Development Authority and/or Regional Tourism Association.

You may need to piece together the market size data using information available from the Department of Tourism, Culture and Heritage. For example, they can give you data on the annual occupancy rates at commercial accommodations in your area. You can use this data to calculate the number of occupied room nights in the area, and, using estimates of the average party size and the average length of stay in the community, you can determine approximately how many visitors stay overnight in the area. You then have to make some estimates of the number of visitors staying overnight with friends and relatives, as well as the volume of visitors on day trips to the community. You then need to add on some estimates of the number of day visitors, as well as visitors staying with friends and relatives in the area.

Whatever combination of means you use, the intent should be to develop a summary of numbers as presented in the worksheet in Exhibit 2.

It will be helpful if you can get a breakdown of different market segments, such as those illustrated in Exhibit 2, since each may have very different potential for your attraction. For the resident markets, such a breakdown is available from the various statistical sources identified earlier; for visitor markets the breakdown may be possible if you have access to a local visitor's survey from the not-too-distant past.

How many of these people might I reasonably expect to visit the attraction I am developing?

Once you've been able to pin down the sizes of the key markets for your attraction, you then need to come up with an estimate of what percentage of the people in each of these markets is likely to visit your attraction. This is called a market penetration analysis – you are estimating the degree to which your attraction will penetrate the available market so as to determine how many visitors you can reasonably expect to get from each target market.

There is no really scientific way to do this and the results of the methods available provide a speculative projection at best. The main method is to estimate how your attraction might do based on the experience of similar facilities elsewhere. You can supplement this analysis with some primary market research (for example, interviews with potential visitors such as motorcoach tour companies, school groups, community groups).

Comparables Research

Research can be undertaken into how comparable attractions elsewhere penetrate their markets. Experience has shown that similar types of attractions tend to perform in similar ways when it comes to market penetration rates, at least where the product and market conditions are similar as well.

The major variables which can alter the similarities are:

- **Size of the markets**: Attractions will normally have lower market penetration percentages in larger markets, reflecting the greater number of alternative things to do;

- **The quality of experience offered by your attraction, compared to alternative attractions and activities available in the area:** If you have the best type of attraction available in the area, the penetration rate will be higher;

- **The image and awareness of the activity in the marketplace**: Must-do types of attractions, such as a visit to Peggy's Cove for Halifax tourists, have established themselves over many years and enjoy a high level of market support;

- **The critical mass of the attractions available**: Several complementary or competing attractions in the same locale will collectively have a larger number of customers than will singular attractions.

EXHIBIT 2

BASIC MARKET DATA FOR THE DESTINATION

TARGET MARKETS	# OF PEOPLE
LOCAL RESIDENT MARKET:	
Local Community, possibly broken into:	
School Groups	________
Special Interest Groups	________
Other	________
	Subtotal ________
Others within a one-hour drive (possibly broken into the same segments as above)	________
TOTAL TOURIST VISITORS DURING THE OPERATING SEASON:	
In the local community	________
Others staying within a one-hour drive	________
Other tourist visitors passing by/through	________
	Subtotal ________
AND/OR TOURIST VISITORS BROKEN INTO SEGMENTS OF THE TOURISM MARKET, such as:	
Tourists Visiting Friends & Relatives	________
Business Travellers/Convention and Meetings Attendees	________
Motorcoach Tour Customers	________
Other Pleasure Travellers (touring, vacation, etc.)	________
	Subtotal ________

The technique of estimating market penetration rates for a new attraction business involves developing a profile of comparable attractions. You will also need to obtain/develop an assessment of how these comparable attractions are penetrating their markets. You then compare your proposed project against the others in terms of the variables listed above and make a judgment as to the likely market penetration rate you might experience.

The analytical method requires you to make separate assessments for resident markets and tourist markets. The essence of the technique is to come up with estimates of penetration rates into your resident and tourist markets on the basis of how other comparable attractions penetrate their markets.

The first task is to determine the market penetration rates of comparable attractions. Here are the key steps to take:

1. Identify some comparable attractions. Use personal knowledge, magazines, research on the Internet and information from key knowledgeable people. The comparable attractions might be elsewhere in Nova Scotia, other parts of Canada or even in the United States. They should be similar in theme/concept and in size/critical mass. This is an important factor - if you base your analysis on a comparable that had capital budgets in the $5 - $10 million range, and you are planning on spending $750,000, you are likely to significantly overestimate your attendance levels. An attraction with a $10 million capital budget will have a much higher entertainment value, length of stay and market reach than one with a $750,000 budget.

2. Interview the management of the comparable attractions. Find out:

   - Attendance levels;
   - What proportion of their attendance is from resident markets (within an hour or so drive) and visitor markets;
   - Admission prices (If there is no admission price, they are likely to be much more successful in attracting visitors, so be cautious when using them as a comparable);
   - The key features of the attraction;
   - Total revenues from admissions, retail and food and beverage (this will enable you to determine the per capita spending of their visitors and will be useful later in your feasibility assessment);
   - Average length of stay.

3. Contact the local Chamber of Commerce, tourism association, regional government, etc. in the location of the attraction, and find out the approximate size of the local and regional resident markets and the visitor markets to their community. Make sure you are comparing apples to apples; for example, if the comparable attraction is only open during the summer tourist season, make sure you get total visitor numbers for this season only.

4. Divide the number of visitors to the attraction from resident and tourist markets by the respective market sizes; this will give you the market penetration rates of comparable attractions.

Here's a theoretical example.

CALCULATING THE MARKET PENETRATION RATES FOR "TEST ATTRACTION A"

Data Collected from Manager of "Test Attraction A" in XYZ:

Total Attendance (June through September)	76,000
Attendance from Residents within one-hour drive	54% or 41,040
Attendance from Visitors to XYZ	46% or 34,960

Data Collected from the XYZ Chamber of Commerce

Total Residents within one- hour drive	650,000
Total Visitors to XYZ (June through September)	1,500,000

Market Penetration rates for "Test Attraction A"

Resident Market:	41,040/650,000 or 6.3%
Visitor Market	34,960/1,500,000 or 2.3%

You should collect this type of information on a number of different comparable facilities. Exhibit 3 presents a worksheet for recording information on comparable operations, including their market penetration rates. You should calculate the average market penetration rates for all of the comparable attractions you researched.

You then need to develop estimates of what market penetration rates your attraction might achieve, based on the experience of the comparable facilities, the nature of your attraction and the other factors described at the beginning of this section. Apply these estimates to each of the markets you have identified so as to determine your total potential attendance. Exhibit 4 presents a worksheet for calculating the market potential for an attraction using the comparables method. The results of this analysis, your attendance estimates, will form the basis for calculating the potential revenues at your attraction.

If you have been able to break down your market data into segments, you may want to apply slightly different penetration rates to each market. For example, if your attraction is going to be heavily targeted to children, and you have identified the school group market segment, you might expect to do better in this market than in the general resident market.

Developing your attendance estimates using this method is somewhat of a circular process. When you come up with your first "cut" at attendance, you may want to go back and look at the attendance of other similar sized facilities in your area of Nova Scotia or elsewhere and see how your numbers compare. If you are significantly higher or lower, then you may want to revisit your analysis.

EXHIBIT 3
WORKSHEET FOR COMPARABLES INFORMATION

Attraction Name, Location, Season of Operation	Description of Attraction/Key Elements	Total Visitation and Visitor Origins	Admission Prices and Visitor Spending	Market Penetration				Comments
				Resident Market		Tourist Market		
				Mkt. Size	Mkt. Penetration	Mkt. Size	Mkt. Penetration	
Comparable Attraction A (*an example to illustrate the market penetration rate formula is provided*)		Total Visitation: 200,000 Residents: 25% or 50,000 Tourists: 75% or 150,000		600,000	$\frac{50{,}000}{600{,}000}$ or 8.3%	2,000,000	$\frac{150{,}000}{2{,}000{,}000}$ or 7.5%	
Comparable Attraction B								
Comparable Attraction C								
Average for All Attractions								

EXHIBIT 4

WORKSHEET FOR ESTIMATING ATTENDANCE AT AN ATTRACTION USING MARKET PENETRATION ANALYSIS

Target Market	Market Size (A)	Estimated Market Penetration Rate (%) (B)	Estimated Attendance (A x B)
RESIDENT MARKETS			
School Groups			
General Population			
Special Interest Groups			
Others???			
Subtotal			
VISITOR MARKETS			
Overnight Visitors			
Motorcoach Groups			
Day Visitors			
Others???			
Subtotal			
TOTAL			

Primary Market Research

As mentioned earlier, you may also want to do some selected primary market research with key potential user groups. For example, if you have identified motorcoach tours as a prime target market for the attraction, you may want to interview representatives of a few motorcoach tour companies and get their reaction to your concept, as well as their likelihood of visiting your attraction. They may also be able to offer you some good ideas on the types of attraction elements, displays, exhibits, etc. to include in your attraction. The same process could apply to school groups.

You could also interview other potential tourism partners with to get their insights into how appealing your attraction might be. These include:

- Local receptive tour operators in Nova Scotia and elsewhere in Atlantic Canada;
- Representatives of the Nova Scotia Museum if you are planning a heritage or museum attraction;
- Local hotels and other accommodations selling packages in your community.

All of these groups may be able to give you some advice on marketing your attraction in the local community/market area, and can probably also advise you on the potential for your attraction and what features are desired by the market. They may also be able to give you some sense of how much business they might send your way in a given year.

Competitive Analysis

You also need to consider the competition that exists for your attraction. This includes other attractions in your community or in the region, particularly attractions that are somewhat similar in concept or with respect to the target markets. You should collect information from these facilities as well, and pay particular attention to any plans they may have for future expansion or new additions and programs. In Nova Scotia, the markets are relatively small and there is not likely to be sufficient market potential for two very similar attractions in the same area.

What is the situation likely to be in the future? Will the market grow or decline?

In Section 6 on developing your business concept, we talked about how to investigate product and market trends. You may want to do some more in-depth research on this at this point in your planning to explore likely future trends and their implications for your attraction.

You can do a lot of research on the Internet. Use search engines such as Google and Lycos to seek out articles and other reports and studies. Other provinces and states will often have research studies posted on their tourism department websites, You could also try www.iaapa.org (International Association of Amusement Parks and Attractions).

These are some sites that include research information on tourism generally:
- www.canadatourism.com (Canadian Tourism Commission)
- www.world-tourism.org (World Tourism Organization)
- www.wttc.org (World Travel & Tourism Council)

- www.tia.org (Travel Industry Association)

It will also be valuable to look into the local community situation to determine whether there are any trends or future developments in the community which might affect your attraction. For example, are there any threatened plant closures or new companies moving in? Is the local economy growing or declining? Such factors will affect the size and affluence of the resident market. Talk to economic development officials in the municipal government and in the Regional Development Authority office.

Conclusions from the Market Analysis

The results of the market analysis, market penetration assessment, trends assessment, and the competitive analysis should result in a projection of likely future attendance levels for your proposed attraction.

You need to recognize that your calculations to this point are appropriate for some future year after you've established the attraction and it reaches a fairly mature condition in terms of market penetration and market share, since they are based in large part on the experience of attractions that have already reached this mature position in the marketplace.

It usually takes attractions a few years to build up to a "normal" or mature position in the marketplace. This is particularly true if you are dependent on visitor markets for a significant portion of your attendance, since it takes a while for your attraction to become known in the marketplace. You are more likely to reach your targets for attendance from resident markets in the first couple of years, since local publicity will (or should!) create a "must see".

To estimate your revenues for the first five to ten years, as described below, you will need to develop an estimate of your likely attendance in the first few years of operation. The best way to do this is to assume that you will achieve your normal year attendance in Year 4, and make your Year 1 attendance levels some 65% - 75% of Year 4 levels, increasing gradually to the Year 4 levels.

7.2 Projection of Revenues

You are well on your way to building a revenue projection for the attraction since you have prepared a projection of the likely total number of visitors you might expect to get for the first few years. You now have to convert this into revenue figures for each year, with breakdowns by revenue source. There are a number of things you will have to do, but first you need to understand the related factors of length of stay, pricing and spending so that you can determine your potential revenues.

Length of Stay, Pricing and Spending

These three factors are all closely interrelated in an attraction and you should pay careful attention to the relationship between them.

The amount of money that visitors are prepared to pay to enter your attraction (i.e. the admissions price), and the total amount of their spending while at the attraction are directly related to the length of time they spend and the entertainment value received during their visit. In fact, you should use your estimates of the average length of stay at the attraction as a basis for developing your prices.

Length of stay can be estimated by considering each of the key elements of the attraction, how much time a person will require to experience each element and what proportion of visitors are likely to experience or participate in each element. (See the discussion below on how to do this.)

Consideration of these factors needs to occur at several points in your planning cycle – at the initial concept stage, in the feasibility assessment, and later in the detailed design phase, at progressive levels of refinement.

Industry Norms for On-Site Spending

Some industry norms or averages are available for the on-site spending by visitors at an attraction. The amount of money a visitor to an attraction will spend is generally directly related to the length of time it takes to experience the attraction. Therefore, on-site spending is typically calculated on the basis of spending per person per hour.

The rate of on-site spending varies by type of attraction. Live theatre, entertainment attractions, and specialty attractions such as IMAX theatres have probably the highest hourly rates of spending, followed by commercial attractions such as amusement parks. Cultural and heritage/historic attractions, interpretive centres and community attractions tend to have lower rates of spending.

The industry norm (in 2005) for total spending at commercial attractions is between $5 to $10 per hour of stay. This is total spending, including admissions as well as spending on retail purchases and food and beverage. The rate of spending per hour tends to be towards the high end of the range for attractions with a shorter length of stay and towards the lower end for attractions with a longer length of stay.

For commercial attractions, on average, about 60% - 70% of this $5 to $10 is spent on admissions, 20% - 25% on food and beverages, and the remaining 10% - 15% on retail or gift shop items. Note, however, that the per capita spending levels on food, beverage and gifts can vary substantially depending on the type of attraction and the type of food, beverage and retail services provided. You should identify comparable attractions that offer types of food and beverage service and retail merchandise that are similar to what you are planning, and see if you can find out what their per capita sales are in order to help with your analysis.

Using the norms quoted above for an attraction with an average length of stay of three hours, the spending pattern might look like the analysis in the box.

Total Spending Per Person	$22.50
(3 hours x $7.50 per person per hour)	
Admissions (60% - 70%)	$13.50 - $15.75
Food and Beverage (20% - 25%)	$4.50 - $5.60
Retail	$2.25 - 3.35

In this illustration, the dollar figures represent net averages for all visitors. Given that some visitors (e.g. children, seniors) will pay discounted prices, the actual full admissions price for an adult visitor in this example is likely to be around $14.

Community, not-for-profit attractions generally experience somewhat lower levels of spending per hour per visitor. This is due to a variety of factors. Admission prices are generally lower in order to increase the accessibility of the attraction to the general public. Traditionally, community attractions have not had to depend on on-site revenues to cover their operating costs, although this is changing now as public sector funding contributions towards operating costs are becoming more and more difficult to obtain. As well, community attractions are frequently historic/heritage attractions and are not perceived by the marketplace to offer the same level of "entertainment value" as commercial attractions. It is also a reflection of the fact that many community attractions do not offer food and beverage services, preferring instead to let the private sector within the community provide these services.

The norm for total on-site spending for not-for-profit attractions tends to be in the range of $3 to $7 per person per hour. The length of stay at community attractions also tends to be lower, because they tend to be relatively small in scope and size.

Total Spending Per Person (1.5 hours x $3.50 per person per hour)	$7.50
Admissions (60% - 70%)	$4.50 - $5.25
Food and Beverage (20%)	$1.50
Retail (10% - 20%)	$0.75 - $1.50

Thus, for a community attraction with an average length of stay of 1½ hours, the spending pattern might look like that illustrated in the box.

Of course, these norms are only general guidelines and there are numerous factors that come into play in determining the on-site spending.

Estimating Revenues

The guidelines described above will prove useful in estimating your revenues.

You will need to estimate the likely spending of visitors to the attraction on admissions, as well as on other revenue sources such as food and beverage and retail merchandise. At this stage, you will not have the full information necessary to develop your actual prices, so you have to rely on a calculation based on industry averages for spending per visitor per hour and the estimated length of stay at your attraction, as well as the prices charged by comparable operations in other markets and on competing operations in your own market.

What you are after is an estimate suitable for use in preparing a revenue projection, which you will then use as part of your determination of the likely feasibility of the operation. Here are the steps you take:

1. Estimate the average length of stay at your attraction. Take each of the key attraction features and estimate how long visitors would spend at each, as well as what proportion of visitors are likely to experience each feature. Work out an average overall length of stay using the following calculations:

CALCULATION OF THE AVERAGE LENGTH OF STAY

Attraction Element/ Feature	Length of Time To Experience	% who Participate	Net Average Length of Stay
Element A	20 mins	80%	16 mins (20 x 0.8)
Element B	10 mins	50%	5 mins
Element C	15 mins	100%	15 mins
Element D	30 mins	75%	22.5 mins
Subtotal			58.5 mins
Plus time for waiting, queuing, shopping			15 mins
Total Length of Stay			73.5 mins or 1 1/4 hours

2. Based on information obtained from your interviews with comparable facilities and competitive attractions, as well as industry norms, develop an estimate of average spending per visitor per hour, and multiply it by your calculation for the length of stay.

3. Allocate the total spending between admissions, retail, and food and beverage, if you are planning to have these elements at your attraction. Again, use information collected from your comparables research as well as industry norms to do this calculation.

4. This will give you the per person spending on admissions, retail, and food and beverage. You will also need to take into account an overall allowance for discounts to your admissions spending, to account for travel trade commissions, group discounts, off-season/shoulder season discounts, etc. To do this, you need to consider how much of your business might come from these various sources and then deduct an appropriate allowance. Unless you are expecting to get significant proportions of your business from the travel trade, or in shoulder seasons, an allowance in the 5% - 15% range might be appropriate.

   You also need to estimate what proportion of your business will come from children, families and seniors, and how much you are going to discount your rates for these market segments. These estimates can all be used to determine your weighted average per capita spending on admissions. A sample calculation of per capita spending on admissions is provided in the box.

The attractions business, like many tourism businesses, should provide commissions and discounts for group buyers such as tour operators. As well, consumers expect discounted rates for the off-season, and for families, children and seniors. It will be important that you develop policies to cover all these.

These issues are also discussed in Sections 10 and 11.

CALCULATING THE AVERAGE PER CAPITA ADMISSIONS SPENDING

Market Segment	% of Attendance	Admissions Price
Adults	40%	$6.95
Seniors/Students	30%	$5.75
Children (4 - 12)	15%	$3.50
Motorcoach Tours	10%	$4.50
School Groups	5%	$2.50
Weighted Average		**$5.60**
Less Allowance for Discounts & Commissions (15%)		.84
Net Per Capita Admissions		**$4.76**

(This figure should equal your calculation of total spending as calculated in Steps 1 through 3 in the text)

5. Calculate total visitor revenues from admissions for each year, using a worksheet such as that presented in Exhibit 5, in which your estimated attendance for each of the first five years is multiplied by average per capita spending on the key items discussed above.

6. Estimate the additional revenues from possible food and beverage sales, retail sales, parking charges, etc. using your per capita spending estimates developed earlier.

7.3 Projections of Operating Expenses and Operating Profit

Next, you need to prepare projections of four kinds of expenses: cost of sales, direct operating expenses, overhead costs and capital-related charges.

Exhibit 6 presents a worksheet for preparing expense projections for the first three of these areas. The numbers can be derived either from a detailed work-up, based on analysis of each item, or industry norms which can be used to provide estimates. The latter method is simpler and probably just as accurate, if not more so. The only caution is that very large items like wages, salaries, and marketing can vary widely, depending on your type of operation and its market situation, so a work-up of these items is advised, and it should be cross-checked against industry norms.

Operating cost norms are generally known by experienced attraction operators, so your research into comparable attractions should involve a question to the owners about the cost norms in their type of operation. The International Association of Amusement Parks and Attractions (IAAPA) publishes industry norms from time to time based on operator surveys for various types and sizes of attractions.

EXHIBIT 5

PROJECTION OF REVENUE

	MATURE YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Estimated Attendance (Paid Only) **(A)**						
Average Spending Per Visitor Admissions **(B)** (Net of your allowance for discounts and commissions) Food & Beverage **(C)** Retail **(D)** Other **(E)**						
Total Revenues Admissions **(A x B)** Food & Beverage **(A x C)** Retail **(A x D)** Other **(A x E)**						
TOTAL REVENUE						

EXHIBIT 6
PROJECTION OF OPERATING EXPENSES AND OPERATING PROFIT ($)

	YEAR						
	BASIS	**%**	**1**	**2**	**3**	**4**	**5**
COST OF SALES:							
Food	% of Food Sales						
Beverage	% of Beverage Sales						
Retail	% of Retail Sales						
Membership Program	Worksheet* or % of Membership Program Sales						
Total							
DIRECT:							
Wages	Worksheet* or % of Total Revenue						
Supplies	% of Total Revenue						
Total							
OVERHEAD EXPENSES:							
Salaries	Worksheet* or % of Total Revenue						
Fringe Benefits	% of Total Revenue						
Marketing	Worksheet* or % of Total Revenue						
Repair & Maintenance	% of Total Revenue						
Utilities	% of Total Revenue						
Office Supplies	% of Total Revenue						
Telephone	% of Total Revenue						
Rent	% of Total Revenue						
Equipment Leases	% of Total Revenue						
Insurance	% of Total Revenue						
Property & Business Taxes	% of Total Revenue						
Bank Charges	% of Total Revenue						
Professional Services	% of Total Revenue						
Travel	% of Total Revenue						
Miscellaneous	% of Total Revenue						
Total							
OPERATING PROFIT							

**Worksheet means that you will have to develop a worksheet to derive exactly what these costs will be for your business.*

Later, after you have assessed the feasibility of your concept and are moving ahead with your detailed business plan, your should build a budget using a zero-based budgeting approach, that is, assessing each cost item in detail rather than depending on a percentage of sales approach. You should also prepare monthly projections for the first couple of years, keeping careful note of the assumptions you use so that you can refer back to them later and see where any variations occur.

Cost of Sales

Cost of Sales involves the costs of items resold to customers. For an attraction business, this will include the cost of food and beverage for any food services provided as well as the cost of retail merchandise, such as souvenirs, being sold to customers. Such costs will vary depending on what is offered. You may also have some direct costs associated with other revenue centres, such as corporate sponsorships or membership sales.

Direct Operating Expenses

These costs are also referred to as **variable** operating expenses. In essence, they include the costs that are directly involved in providing your services to your customers and they vary with the frequency of the services operated. In the case of an attraction, these will involve such things as:

- Wages for guides, interpretive staff, gift shop staff, etc. Depending upon the type of attraction, some of the staffing costs will vary directly with the volume of visitors;

- Supplies (such as tickets) that vary according to the number of visitors you have at the attraction.

For an attraction, direct operating costs can be calculated as a percentage of revenues or from the bottom up, e.g. by estimating the number of staff you will need, the number of hours they will work, etc.

Overhead Expenses

Overhead expenses, sometimes called **fixed** expenses, do not vary greatly with changes in the volume of business, as do direct operating expenses. These are the supporting costs of providing service and, in general, running the business. The types of overhead expenses you will incur are described in Exhibit 5. Estimates can be developed based on industry norms or on a work-up based on a detailed schedule of likely costs.

Operating Profit

The total of the above costs represents the sum of the costs of operating the attraction. The difference between total revenues and operating costs in a year represents the operating profit or operating income (or loss) of the business.

Net Income, Cash Flow and Return on Investment

If you are planning a commercial attraction, you will have to take this analysis further. Having calculated operating profit, it is now possible for you to determine whether or not the attraction will be financially viable. Simply put, you need to decide whether the projected profit from operations will be sufficient to repay any debt and to justify the effort and the risks. This is a judgement call you (and your investors) have to make.

Appendix II describes the calculations that you have to undertake to determine the net income and cash flow of the business, and to calculate return on investment.

To determine the financing costs for the attraction, you will first need to determine your capital budget and then make estimates for the cost of the financing. We will now turn to the topic of preparing your capital budget.

7.4 Capital Investment Requirements

The final step in preparing a feasibility study should be the development of an estimate of the capital investment required to establish the attraction, since this can give you an idea of what kind of financing/funding you will need. For community attractions, this will help give you some idea of how much of a challenge it is going to be to raise the necessary funds.

You don't need a detailed capital-cost schedule or financing plan at this point. You are trying to assess the feasibility of establishing the proposed attraction, not actually planning the business. What you need is an estimate of the approximate capital costs and financing needs.

You will need to give some consideration to preliminary design parameters for your attraction – how big it is going to be, what the key elements/features will be. You should have already identified part of this while developing your overall concept.

It will also be important at this point to get a reasonably accurate estimate of how much space you are going to need within the attraction, since this will be a prime determinant of the size and cost of the building(s) you will need. To do this, we suggest you prepare a preliminary on-site capacity analysis. The methodology for doing this is presented in Section 8.

Exhibit 7 provides a template or worksheet you may find useful when developing your preliminary capital budget.

There are various sources of information you can use in developing this initial capital budget. Suggestions are presented below:

- **Land, buildings, and services.** An attraction typically requires some sort of land and building infrastructure. You may be able to lease or buy a site that has a suitable building on it, or you can build a new facility. For many community attractions, the building/site may already be determined by the nature of your attraction, e.g. a lighthouse or heritage building.

  If you are building a new facility, real estate brokers can help you by seeking out potential sites and advising on the costs of purchasing or leasing. With new construction, the real estate broker can help with land costs, but you'll need some other help to determine the costs of building construction, services, site improvements, etc. You may be able to obtain help

EXHIBIT 7

CAPITAL REQUIREMENTS WORKSHEET
($)

CAPITAL ASSETS:

Land $
Building
Exhibit Development Costs
Other Attraction Elements
Other Equipment, Furnishings, Office Systems, etc
Signage
Parking, Landscaping, Servicing
Subtotal C

PRE-OPENING SOFT COSTS:
(Costs prior to revenue being earned)
Salaries
Staff Training, Wages & Costs
Pre-Opening Marketing, Public Relations, website
Interest During Construction
Design and Consulting Costs
Other Professional Fees
Incorporation/Registration/Licensing Costs
Other
Subtotal D

WORKING CAPITAL:
Inventory
Prepaid Expenses
Other Current Assets
Cash Reserve
Subtotal A
Bank Operating Loan (if applicable)
Subtotal B
Net Working Capital Required (A minus B) ***E***

TOTAL CAPITAL ASSET REQUIREMENTS (Subtotal C)
TOTAL SOFT COSTS (Subtotal D)
WORKING CAPITAL REQUIREMENTS (Subtotal E)
CONTINGENCY ALLOWANCE

TOTAL LONG-TERM FINANCING REQUIRED

from an architect or builder, particularly if you are a prospective client. An engineer may be required to advise on servicing and mechanical costs. A landscape architect can advise on site finishing costs including such things as parking areas, lighting, signage, etc. For a preliminary estimate, you may be able to use a cost-per-square foot allowance.

You will need some help from local builders to determine what costs are appropriate for your area.

If you are working with an existing building, particularly a heritage building, you will want to have a professional assessment done of the building, covering such things as structural stability and the costs of meeting the building code requirements for a building that will be open to the public. These costs may be substantial, particularly if the building is two storeys, in which case you will probably you need an elevator, or if there is major work to be done to meet the fire code requirements or to make the building fully accessible.

- **Exhibit development costs.** Depending on the type of attraction you are looking at developing, you will have to factor in development costs for exhibits and special interpretive displays (there will also be design costs associated with this element). You will probably need some help with this, since it is a specialized area and exhibitry, particularly if it incorporates advanced technology or multi-media, can be expensive. Spending $200 - $250 + per square foot for basic displays with traditional, static exhibits is not unusual. Once you get into high technology exhibitry with computers, film, etc. costs will be much higher, up to $500 or more per square foot. There are companies that specialize in exhibit design, and you should seek help from them.

- **Other attraction elements.** Depending on the type of attraction you are planning, you may also have some other attraction elements that need to be developed – amusement rides, mini-golf course layouts, trails, etc. You will have to identify all of the necessary elements and seek out approximate costs. In some cases, you can contact suppliers to get quotations, in other cases you will need some assistance from a designer.

- **Other equipment, such as furnishings, office systems, etc.** Equipment suppliers can give you price lists and can also advise you on your likely needs. It will help if you draw up a list of what you think you might need first and then get their comments. If you are planning to include a food and beverage area, you will need kitchen equipment as well as tables, chairs, cutlery, etc. and if you are planning a gift shop, you will need things like shelving and display cases. Don't forget the electronic equipment you may need (such as cash registers or computers).

- **Soft costs**. Soft costs are operating-type costs required to start the business that are capitalized, since they occur prior to the opening of the business. They include such things as operating costs incurred prior to opening – management salaries, office operation, initial marketing, etc. They also include one-time costs such as initial training costs, interest during construction, design costs, consultants' fees, professional services (legal, accounting), graphic designers for advertising material, etc. You should try to do a work-up of estimates for each relevant item. Where this is not possible, provide an allowance to cover the item.

- **Contingency**. A contingency allowance should be planned for unexpected cost increases, overlooked items, unanticipated additional costs, etc. The allowance should be between 5%

and 20%, depending on how refined your costing has been and how confident you are in the numbers.

- **Working capital**. Your financing will have to cover not only capital costs and soft costs, but also enough working capital to sustain the operation of the business. Working capital is defined by accountants as the difference between current assets (e.g. cash in the bank, receivables, inventory of resale items and supplies) and current liabilities (e.g. accounts payable, other amounts becoming payable in the current year). In other words, it's the cash available to run the business and deal with short term contingencies. It includes the money you will need to purchase the initial inventory for your gift shop, if you have one, and the supplies for your food and beverage operation.

  When you start the business, your working capital will be in the form of cash. There is no fixed formula for how much working capital is appropriate, but a good guideline is to have enough to cover one to two months of operating expenses.

Financing

The total of the above represents the amount of capital you are going to require to start the business. You will now need to prepare a plan of where the financing is going to come from. If you are planning a community attraction, most of your financing will probably come from various public sector sources, fundraising and corporate sponsorships. For commercial attractions, it will probably be a combination of equity and debt financing. It is important that you give some consideration to how the financing is to be structured, since the feasibility assessment requires a determination of any interest and principal payments on borrowing and the amount of equity to be invested.

7.5 Is it Worth it?

The requirements for completing a credible feasibility assessment for your business proposal are clearly complex and demanding, but it is vital that a proper feasibility assessment be done before major commitments are made to establish the attraction.

This is important not only for commercial attractions, but also if you are planning a community owned and operated attraction. Traditionally, community attractions have depended on funding from public sources to cover almost all of their operating costs but, in today's era of government cutbacks, community attractions can no longer depend on this type of assistance being available, at least not to the same extent. It is vital that you assess the financial sustainability of your project before making any commitments to proceed. Furthermore, government funding agencies will want to review this type of analysis before making any commitments to provide you with capital assistance.

Not all business people make the effort to undertake a feasibility assessment. Without an assessment, they proceed to stake their capital and their livelihood on instinct, on gut feelings, and on the opinions of others who have nothing to lose. With so much riding on the outcome, it is worth a little time, effort and money to reduce your risk.

The techniques of conducting a feasibility assessment are not generally understood, and some people believe that it isn't possible to predict the future accurately. This is not so. It is possible to get some guidance on how to prepare a feasibility assessment (this manual is one source, of course), and it is possible to get help to carry it out. And while it may not be possible to predict the future accurately, predicting the future is not really what's involved here.

What is involved here is risk reduction, moving a business proposal from the pure seat-of-the-pants, "gut-feel" level, to a different level that is almost certain to prove more accurate than a gut feel. There is a great deal of valuable information out there, some of it easily obtained, some of it not, which can help take many of the unknowns out of a business judgement.

As well, a feasibility assessment allows you to make a series of small incremental judgements and specific estimates rather than one huge one; and the sum of a series of small judgements and estimates has proven again and again to lead to a more accurate prediction of future performance. In fact, when the estimating is broken down into small pieces, more often than not you will be able to find sources of information to help you make your estimates with a degree of accuracy. For example, you may not have any way of guessing what the total operating costs of your attraction are likely to be, since your business will not be exactly like anyone else's. However, your wage costs for interpretive staff or a cashier for the gift shop is likely to be similar to that of other attractions and your utility costs are likely to be similar to those of other businesses in the community with similar spaces.

Finally, the process of preparing a feasibility study will reveal a whole series of ideas, opportunities, challenges, and problems. You will be able to actually improve your business plan as a result of doing the study, and you can develop important insights about what it will take to be successful in the future.

The best, and perhaps most important, investment you will make in establishing your attraction is the preparation of a proper feasibility assessment.

Where to Get Help

Help in preparing your feasibility study can be found from a variety of possible sources:

- Your accountant.

- Other attraction operators. You may be able to talk a noncompeting attraction operator into coaching you and helping you with projections. You may have to pay a fee, but, if you're lucky, the operator might do it for the fun of it. If you are planning a community attraction, you will likely be able to get help from other community attractions elsewhere in the province.

- Someone who's sold an attraction business or has retired from the business.

- An official of a financial agency, such as ACOA, the Regional Development Authority, the Business Development Bank, or the Nova Scotia Office of Economic Development.

- A private consultant having experience in tourism feasibility analysis.

Addresses for many of these sources of help can be found in the Appendix I to this manual.

Most of these sources will be free, or at least low cost.

As mentioned earlier, you may decide that the complexities or scale of your project require you to retain some professional expertise to prepare your feasibility study. You may not, in fact, have a lot of choice in the matter, since some lenders and investors will insist on your having a feasibility study prepared by a professional management consultant.

7.6 Preparing a Business Plan

Once you have completed the feasibility analysis, you need to prepare a business plan. The business plan is built on the material you have accumulated to date, and includes a plan of all the steps and processes you need to go through to get the project up and running initially and keep it running successfully in future years, along with the financial results you expect to achieve.

This document should be updated periodically to reflect some of the changes that occur as your plans unfold and should include both strategic issues and normal operating processes. While lenders and government funding sources will almost always ask to review a copy of your business plan, you should consider it a means of obtaining financing. The business plan is critical to the ongoing operation and success of your business and you should refer to it often.

The plan itself should contain all of the items outlined in the suggested table of contents for a presentation for financing, found in Appendix III, along with the projections you have made in your feasibility analysis, as well as sufficient additional information to illustrate the steps you will take to achieve your goal.

You will need to develop, for example, a marketing plan that will provide a strategy and process for you to attract visitors to your attraction. This plan will identify who will be responsible for each task, when it is expected to be done, what the anticipated outcome of the effort will be, and what the effort will cost. Marketing plans can be, on their own, very detailed documents. Some suggestions for the types of things to include in this plan can be found in Section 11.

The business plan should include similar action plans for all other key areas of operations, including organization and staffing, operating policies, internal controls, and information systems, etc.

Knowledgeable business owners all agree that business plans are essential for outlining the direction that you wish to take and detailing the step-by-step actions you will take to reach your goals. In general terms, the more you put into the plan and the more you refer to it, the more likely you are to reach the targets and objectives you have set for yourself. Your business plan should be seen to be an evolving document, changing as external conditions dictate and as your own decisions require.

SECTION 8

Designing the Experience/Product

SECTION 8

DESIGNING THE EXPERIENCE / PRODUCT

Once the target markets have been identified, the concept has been elaborated and its feasibility has been assessed, you can begin to look at the overall design and layout of your attraction.

8.1 Hiring Designers

It is strongly recommended that you hire professional design help. In fact, for most types of attractions, it will be essential that you do so. Make sure you hire designers with expertise and experience in the attractions sector, and if you are developing a highly specialized type of attraction, in that particular type of attraction.

There are numerous design techniques used in the attractions sector that are key to the ultimate success of the attraction, techniques that can maximize opportunities for visitors to stay longer, to enjoy and/or learn from the experience, to participate in more activities and spend more money. This is specialized design work, and not all designers are skilled in understanding the workings of an attraction.

Whom do you hire and how do you hire them?

If your attraction includes a building, or if you are changing the use of an existing building, you will need to hire an architect to design it, one with the necessary specialized experience. He or she will prepare the building design and coordinate the work of other specialists who might be required. Depending on the nature of your attraction, this may well include specialists in interpretive exhibitry and/or multi-media presentations, interior designers, landscape architect, engineer, restaurant/kitchen designer, etc. The architect would function as the project manager for the design work.

Selection of Designers

We suggest that you not necessarily hire the first architect or design team to whom you talk. Ask around the attractions in your area to identify designers who are credible and experienced with the type of attraction you are planning. If there are none or only one available locally, consider others further away who have the necessary expertise.

Contact several architects or design teams and ask them to send you information on their company and its experience in the attractions sector generally, and with the specific type of attraction which you are planning. Meet with those you think might qualify; see if the chemistry works for you; challenge them with your concept and capital budget and see what suggestions they make. Get some client references and check them out. Ask their clients whether their attractions work well, whether they can accommodate their visitors and provide all of the experiences that were initially intended, and find out if they were completed on budget.

Once you have developed a short list of possible designers, you should ask them each to provide you with a detailed proposal, together with some initial thoughts on an overall approach and design concept for your attraction (you may want to offer a small contract to cover this). You may also want to interview the short-listed designers before making a final decision.

8.2 Attraction Design Objectives

When designing an attraction, there are a number of key objectives you should keep in mind:

- **Maximizing participation rates at each feature/element**: You want to encourage as many of your visitors as possible to participate in each of the key features or elements of your attraction. This means that you should give careful consideration to maximizing the entertainment value and appeal of each feature. Also make sure that you have attraction features and elements that appeal to each of your target markets. For example, a family-oriented attraction will need to have attraction features and elements that appeal to different age groups – something for the younger children as well as the older ones.

- **Maximizing length of stay overall**: This is directly related to the previous objective, since the more features/elements available, the longer visitors will spend at the attraction. And, as discussed earlier, a longer length of stay will be a major contributing factor in maximizing admissions prices and on-site spending. Once your length of stay gets much beyond 1½ hours, you should consider providing some food and beverage services on-site, at a minimum a snack bar with pop, coffee, chocolate bars etc.

- **Make sure you have enough "critical mass":** Your attraction needs to provide enough things to see, do and experience to justify a visit, and, if it is the only attraction in the community, it will need enough "critical mass" to justify a visit to the community itself. Again, this needs to be taken into account in the overall design.

- **Renew, refresh and transform your attraction on a regular basis**: You need to give people reasons to come more often so as to maximize your attendance levels, particularly from resident markets. Your design has to recognize that you will need to do this, providing appropriate space and facilities for programming, special events, shows and temporary exhibits. The design also needs to give some consideration to the fact that you will be making periodic re-investments in attraction elements or displays and will have to allow for this to happen without a major redevelopment program. Be on the watch for features that can become dated, and introduce new technologies when you make re-investments in your attraction.

- **Having fun and being entertained is important**: Even if your attraction is a museum, gallery or interpretive centre, your visitors will want to have fun and be entertained at the same time as they are being educated. Try to build some fun elements into these types of attractions as well – they can be educational and interpretive at the same time. Today, the key word is experiential - you need to make sure that your attraction offers a memorable, unique and meaningful experience to visitors.

- **Authenticity and quality are also key**: Many of today's consumers are not prepared to accept, or pay for, contrived experiences. Your attraction should be authentic and genuine. It must also be of top quality if you expect to be successful in attracting visitors and charging a reasonable admissions price. Make sure that the subject of your attraction is treated with respect. Be sensitive to cultural and heritage issues.

- **Theming can be important, and valuable**: Theming is increasingly being used in the attractions and entertainment industry to help differentiate facilities from their competition. We now have themed restaurants and themed malls as well as theme parks and themed waterparks. Does your attraction have an underlying theme that you can build on to establish your Unique Selling Propositions (USPs)? It may be as simple as a storyline or special interest topic that you have decided to feature, or it may be more comprehensive. If you have a theme, it needs to be developed and incorporated early in the design stage, and followed through in all aspects of the attraction, not simply added as an afterthought. If you are going to have a theme, then integrate it into the overall design, marketing materials, staff costumes or uniforms, etc.

- **Design to accommodate other uses**: For community attractions in particular, there may well be markets that will use your facilities in the shoulder and off-season for functions, classes, special events, etc. To maximize opportunities for this, make sure you have some flexible, programmable space – perhaps the orientation area, the food and beverage area, some parts of the exhibit area.

8.3 Attraction Layout

If you are developing a new attraction, or redeveloping an existing building or facility into an attraction, you should consider the following design features. Your designed should be aware of these issues but it is useful for you to have a basic knowledge of them.

- Lay out the exhibits/attraction features in a fashion that will expose visitors to all of the features/things to see and do, but do so one at a time. The best way is with a snake-like path that presents new features at each turn, and turns away from the ones just visited.

- The space available/associated with each feature needs to be adjusted upwards or downwards, depending on the expected appeal of each feature and how long it will take people to experience it. For example, if you have one "blockbuster" exhibit or hands-on experience, you should expect most people to participate in it. If it takes 10 - 15 minutes to experience and your whole attraction is only an hour, you will have to make sure your design allows for expected crowding around this feature.

- Calculate the required capacity for each feature/area based on your estimates of:

  - The percentage of the visitors who will participate in the specific feature;
  - The length of stay at the feature;
  - The average peak day and "on-site" attendance – your design capacity (see discussion below on how to calculate this)

- For outdoor attractions, where your ability to control the pattern of traffic flow is lessened, put your blockbuster features/attractions at the outer limits of the site to ensure maximum exposure to other features as well, on the way out and back.

- Make the exterior "face" of your attraction appealing as well - don't have it look like a box with a front lawn. If you have a theme, carry it through to the exterior of the building, signage and landscaping.

- Make sure your design allows space for coaches and cars to drop off visitors close to the entrance.

- Make sure you design your attraction to accommodate wheelchairs and other special needs visitors. This means meeting the standards for accessibility as outlined in the Building Code, such as the width of doorways, washrooms, etc. but also ensuring that your displays and exhibits also meet these standards.

- Maximize the entertainment value at your attraction. (See the box).

- Try to avoid features that encourage a lengthy stay, such as games, which will create a bottleneck in the flow through your attraction. Use techniques such as repeat cycles of programming, a definite end to the display/feature, and suggested benefits of moving on to help keep visitors moving.

- When planning the content of your attraction, consider the following:

  - Emphasize things that are exciting, mysterious and unusual – you can still provide interpretation and education at the same time.

  - Use "edutainment" – an entertaining experience used to educate. Your visitors will probably learn more and have a good time as well.

  - Genuine is much better than a re-creation or artificial experience. But if you have to re-create, make sure it is done exceptionally well.

  - Animate, animate, animate – make your attraction live!

HOW TO MAXIMIZE ENTERTAINMENT VALUE:

- Hands-on, participatory activities (they are more appealing than static displays)
- Experiential
- Use multi-media presentations
- Use computer-generated displays
- Provide live animation/interpretation
- Have guided tours - live guides or recorded tapes with personal walkmans
- Use special effects - lighting, sound, etc.
- Incorporate mystery, drama and illusion in your displays
- Maximize interaction between the exhibit/animator/guide and the visitor
- Provide periodic live entertainment, even if it is only one person doing a reading or a short skit
- Offer exceptionally high standards of service
- Offer a really unique and exciting experience

- Use lighting, special effects and signage to focus attention on the features and route to be followed, and away from walls, other attraction features and other distractions. In other words, design it so people do what you want them to do, when you want them to and for how long you want them to.

YOUR ORIENTATION AREA CAN:

- Entertain people during busy periods when they are queuing for admission to the main exhibit area
- Increase the level of expectation, anticipation and excitement
- Warm people up to each of the key features

- Put an orientation and presentation at the beginning of your attraction, right after the admissions desk (see the box).

- If your length of stay is short (less than 1½ to 2 hours), put your food and beverage facility at the entrance/exit area. Otherwise, put it ½ to 3/4 of the way through the normal tour, so it provides a natural opportunity for a break.

Put your retail area at the entrance, and exit visitors through, or beside, the retail area. (see the box).

- Make sure the retail product offering:

- provides a reasonable range of quality and price options (not everyone wants quality crafts – a lot want low-cost souvenirs and gifts for children)

- provides a range of unique items that mirror the theme and highlights of your attraction – postcards, calendars, picture books, T-shirts

- provides items that are made locally, to help support local businesses, craftspeople, etc.

- is of a consistent and good quality.

RETAIL AREAS AT THE ENTRANCE CAN:

- Allow people to come in and buy retail products without paying the admissions fee;

- Allow visitors to preview merchandise on their way in, and buy on the way out;

- Help reduce staffing costs in slow times. Design it so that one desk can serve as the cashier for admissions and retail (and the snack bar as well). Design it so there is a cashier station for each area in busy times.

8.4 Programming And Special Events

As mentioned earlier, programming and special events can be a major factor in the success of your attraction. They can help broaden the appeal of your attraction to markets, encourage visitors to stay longer, create new markets and also create reasons for your customers to return time after time. You can also use programming to lengthen your season, or as the basis for special "weekends" outside of your regular season. For example, Sherbrooke Village has offered a special Christmas program over two weekends in the late fall, outside of their regular operating season.

Programming involves activities and events that are staged at appropriate times to complement the regular offering at your attraction and provide new appeals. You can use your own staff to offer programs, or work with local community groups, entertainers, etc. and have them provide programs at the attraction, either on a regular basis or on a one-off basis for special occasions.

If you are designing your programs to encourage a longer length of stay, make sure that you stage them on a regular basis throughout the day, and promote them throughout the attractions so that visitors will decide that they have to stay and see the program. These types of programs need not be long – 15 - 20 minutes may be sufficient, but it must be quality programming.

If you are going to use programs and special events to attract new markets, extend your season or encourage repeat visitation, they will need to be more substantial. Some ideas include:

- Special exhibits or displays, such as travelling exhibits which are sometimes available through museum or gallery networks;
- A special exhibit or display in association with a major festival or event happening in your community;
- Workshops or "learning" programs, which can be offered on a one-off basis, or on a regular basis in the off-season to attract resident markets;
- Hosting major events;
- A themed weekend event – Thanksgiving Festival, Christmas Light Display, Spring Fever event – designed to attract visitors in the shoulder and off-season.

You can also consider renting out your attraction facilities for functions, events, special occasions etc. If you have food service facilities, you could also offer catering services. As well, make sure you are an active participant in any major festivals or events that are held in your community. Making your attraction part of the festival will encourage more visitors.

8.5 On-site (Design) Capacity Analysis

How can you determine the capacity you will require at your attraction, that is, how much space you should have to accommodate your visitors? There is a generally reliable method for making such a calculation. It's called **design day analysis**. This is a method to determine the average peak volumes for your attraction or the number of people you will get at one time during peak operating periods.

In the attractions business, it is standard practice to design the business to handle the volume of business on all but the busiest 5% to 10% of days. It's not cost effective to have capacity for the highest volume day in a year, while, at the same time, you don't want to have turn-aways too often if you can avoid it.

In addition to designing your attraction to accommodate the volume of business, you will also need to have a site with adequate parking (or arrangements for your visitors to park on other property). Your community or municipality may also have some by-laws that govern parking requirements. You can determine how much parking you will need with the design day analysis.

Exhibit 8 presents the calculation method and some rules-of-thumb to help in the calculation of sign capacity and parking requirements. In the example illustrated, you will need to design the attraction to be able to accommodate 213 persons at one time.

EXHIBIT 8

DESIGN CAPACITY ANALYSIS FOR YOUR ATTRACTION AND PARKING

ON-SITE (DESIGN) CAPACITY ANALYSIS

Start with your estimated annual volume of visitors. Divide by the number of days in the operating season. This provides the average number of visitors per day throughout the season.

Multiply by a factor to estimate the **average peak** day. A multiple of 2 or 2.5 is probably realistic and is borne out by the experience of attractions. This means that your average busy day will be two to two and a half times as busy as your average day for the season as a whole.

The average peak day is called the **design day** and you now need to calculate your one time, on-site design capacity.

You have to be aware that the demand won't be spread evenly over all times of the day. To get the capacity you need, you need to first estimate the length of time people will spend at your attraction as well as the percentage of people who will want to visit your attraction at the more popular times. For example, most attractions find that 60% or more of their attendees will come between 11:00 am and 3:00 pm, a period of four hours, assuming that the attraction is open about eight hours a day. If your attraction is open in the evening, and particularly if a significant portion of your program is an evening event or entertainment, then you will have a lower percentage of your visitors between 11:00 am and 3:00 pm.

A theoretical example of this calculation is presented below:

Projected Attendance	50,000
Days of Operation (June through September)	122
Peak Day Factor (Range 1.5 - 2.5 times average)	Say 2.0
Average Peak Day Attendance (Attendance/Days of Operation x Peak Day Factor)	820 persons
Average Length of Stay	1.5 hours
Peak Hour Factor (% of peak day visitors coming during the peak hours divided by the number of peak hours multiplied by the average length of stay. In this example, assume 70% of visitors arrive between 11 and 3)	26%
Average Peak Hour Attendance (Design Capacity)	**820 x 26% or 213 persons**

(Continued on next page...)

EXHIBIT 8 cont'd

DESIGN CAPACITY ANALYSIS FOR YOUR ATTRACTION AND PARKING

PARKING CAPACITY ANALYSIS

The calculation of parking can be a key factor for your attraction. This analysis is based on the results of the design capacity analysis described above.

Start with your average peak on-site attendance, in this case 213. This gives you the number of people who may require parking at the same time. You now need to convert it into the number of vehicles. Make the following estimates:

- Percentage of people arriving by motorcoach;
- Percentage of people arriving by private car;
- Percentage of people being dropped-off, walking, etc. (You can forget about these for the rest of your calculations, they won't need parking spaces)

You take the number of people arriving by private auto and divide by an estimate of the average number of people per vehicle. (Our experience suggests that about 2.5 persons per vehicle is about right for attractions, unless you are very family oriented, in which case it will probably be higher.)

With coaches, you do the same thing. We suggest that you use an average of, say 30 people per coach. Most coaches carry 40 to 50 passengers but they won't all be full.

You then multiply the number of cars and coaches by the square footage allowance for each vehicle. If the parking area is to be paved, you can get away with a little less space since you can better organize the space with marked driveways and spaces.

You should allow the following spaces to account for both the parking space and the access corridors:

Autos - 350 sq. ft.
Coaches - 1,200 sq. ft.

In the layout of the area for coach parking, design it on the diagonal in a manner that allows the coach to drive straight through. This will cut down on the total space required for coaches since they will not require additional manoeuvring space.

SECTION 9

Legal, Regulatory and Tax Matters

Legal and Regulatory Issues
Addendum: Food Safety Regulations
November 2005

Readers of this manual should take note of the following addendum with respect to regulations governing food safety in Nova Scotia. These regulations apply to almost all businesses that serve food to the public and impact the type of business for which this development guide is written. These new regulations may change the information in this section of the report regarding Food Establishment Permits. You should review the appropriate regulations (obtained through the following website www.gov.ns.ca/nsaf/foodsafety/) and talk to a representative of the Food Safety Section, Department of Agriculture and Fisheries to obtain detailed and up-to-date information on the requirements for food safety as they affect your business.

The Health Protection Act, effective November 1, 2005, provides for new food safety regulations in Nova Scotia and establishes provincial standards for restaurants, grocery stores and other places where food is served or sold. The Nova Scotia Food Retail and Services Code is an interpretative guideline that explains how to meet the objectives identified in the Nova Scotia Food Safety Regulations contain within this act. Eating Establishment (Provincial) Regulations will also be available. Both can be obtained from www.gov.ns.ca/nsaf/foodsafety/regulations.shtml

There are a wide range of regulations and guidelines contained within this material that may affect your business and it is beyond the scope of this manual to describe them. However, one that should be noted is the requirement for food hygiene training for the managers/supervisors of food establishments or a designated person in their absence. This includes the owners or managers of a bed and breakfast. As well, operators of food establishments must ensure that food handlers have the necessary knowledge and skills to enable them to handle food hygienically. To assist in meeting this requirement, the Nova Scotia Tourism Human Resource Council has introduced BASICS.fst ONLINE, an on-line food safety training course for food handlers. Information on this course can be obtained through the website, www.tourismhrc.com.

SECTION 9

LEGAL, REGULATORY, AND TAX MATTERS

This section addresses legal, regulatory and tax matters concerned with the establishment of your attractions business. There are a multitude of laws and regulations that affect business and readers should note that the information contained herein is a guide only.

It is strongly suggested that the reader undertake efforts to verify any information on which their business plan is based and not rely solely on the information in this manual. There are areas where you may want to consider retaining the appropriate professional expertise to assist you.

While the information contained in this manual is believed to be accurate, as of the winter of 2005, it is not so warranted. The reader should note that federal, provincial and municipal laws and regulations change frequently and it is recommended that you check with the appropriate authorities, listed in the Appendix, including representatives of the Nova Scotia Department of Tourism, Culture and Heritage and your local Business Service Centre (on line at www.gov.ns.ca/snsmr or at Access Nova Scotia centres around the province), to obtain up-to-date information on laws that may affect your business.

9.1 Regulations and Licensing

Attractions Licensing

Depending upon the type of attraction you plan to operate, you may need to obtain an operating license from the Nova Scotia Alcohol and Gaming Authority, as required by the Theatres and Amusements Act. Highlights of licensing requirements for various attractions which might be applicable to your business follow. You can obtain more information from their website at www.gov.ns.ca/aga/

Live Theatre License

If you intend to offer live theatre performances or films, the facility used for the performances will need to have a Theatre License. The waiting period for applications is 3 - 5 business days. The license requires that you obtain zoning clearance from your municipality and meet the fire clearance requirements of the Office of the Fire Marshal.

Outdoor Park/Theme Park License

In order to operate an outdoor park or amusement park where fees are charged to use the facilities, you will need to obtain a Place of Amusement License. The waiting period for applications is 3 - 5 business days. Licenses require that you obtain zoning clearance from your municipality, and meet fire clearance requirements of the Office of the Fire Marshal. As well, a minimum of $1,000,000 in Liability Insurance is required.

Outdoor Festival/Concert License

If you intend to hold an outdoor festival or outdoor concert for gain, you will need to obtain a license. These are valid for the dates of the event only. Applications require 3 - 5 business days to process. Licensing requirements stipulate that you must obtain zoning clearance from your municipality, meet any requirements of the Department of Environment and Labour (washrooms), Department of Natural Resources (forest fires), R.C.M.P. (security), and the Department of Transportation and Public Works (entrance and exit, anticipated traffic levels at the event). As well, a minimum of $1,000,000 in Liability Insurance is required.

Museums

Commercial museums and interpretive centres charging an admission fee require a Place of Amusement License. (If you only accept donations and do not charge admissions, you do not require a license.) A letter of support is required from the Fire Marshal and Municipality.

Arcade License

If your attraction includes an arcade, you will need to obtain an Arcade Place of Amusement License. The waiting period for applications is 3 - 5 business days. The license requires that you have zoning clearance from your municipality, fire clearance from the Office of the Fire Marshal, and approval of arcade/video amusement devices from the Canadian Standards Association (CSA).

Amusement Rides

If you plan to offer any type of amusement rides at your attraction (i.e., rides that physically move people), you are required to obtain an Amusement License. All amusement devices are required to be inspected by the Department of Environment and Labour, Elevators and Lifts Inspection Services. Municipal clearance is also required, and operators must carry at least $1,000,000 in Liability Insurance.

Function Hall

If your attraction includes a hall which you intend to rent out for functions, events, etc., or for which you will charge entry fees on an occasional or regular basis, you will need to obtain a Hall Place of Amusement License. There is a one to two week waiting period for applications. This license also requires that you meet fire clearance requirements of the Office of the Fire Marshal, and have zoning clearance from your municipality.

Most licenses are valid for 3 years from the issuing date. The Outdoor Festival/Concert License is valid only for the dates specified on the license.

To obtain further information or to apply for any of the above licenses, contact the Licensing Division of the Nova Scotia Alcohol and Gaming Authority. All application forms are available on line at www.gov.ns.ca/aga/licensesummaries.htm .

Vehicle and Vessel Permits and Licensing

If you require a vehicle or vessel to shuttle guests to or within your attraction, you will need to obtain the required permits and licenses. For example, if you are planning to operate a boat tour as a part of your attraction, you must adhere to Canadian Coast Guard regulations which govern such issues as ship design and certification, safety and firefighting equipment, etc. There are also regulations which you should be aware of if you intend to rent pleasure boats to your guests. If you will be operating a vehicle to transport your customers, various regulations under the Nova Scotia Utility and Review Board apply. In both cases, the regulations are extensive and must be taken into account in planning as well as in day to day operations.

If you are planning to use either a boat or a vehicle in your attraction, you should obtain the Guide to Establishing and Operating a Sightseeing Tour Operation in this series of business development manuals. It will provide an overview of all of the relevant regulations as well as a variety of other issues related to vehicles and vessels that you need to consider.

9.2 Other Regulations You Must Consider

Municipal Regulations and Bylaws

One of the first steps in developing an attraction should be to contact your local municipal office and talk to the Development Officer and Building Inspector (often the same person).

Most municipalities assert control of development patterns through their Land Use Bylaws. For example, developing an attraction on a quiet, narrow street in a residential area may be considered inappropriate because of the vehicle traffic it will generate. You will need to comply with the bylaw's requirements if your project involves changing the use of the land; for example, from a heritage home (a dwelling) to a museum (a commercial use). In addition to permitting the development, land use bylaws may also provide for the number of off-street parking spaces required, setbacks from lot lines, size and location of signage, etc. In some heritage areas there may be architectural controls. All municipalities write their own land use bylaws to reflect the concerns of their community, and provisions can vary substantially from one municipality to the next. The Development Officer administers these by laws.

The building inspector ensures that new or renovated buildings meet several standards, the most significant of which is the Nova Scotia Building Code Regulations, part of the Building Code Act and the Fire Prevention Act. A permit is always required for new construction and for major repairs and renovations, and for any structural additions or changes. The building inspector will require that plans be submitted for commercial or public buildings, and these plans must be stamped by an architect or professional engineer licensed in Nova Scotia. The applicant is responsible for submitting copies of the plans to the Fire Marshal's office (see discussion below), although this can sometimes be done through the building inspector's office or your architect may deal directly with the Fire Marshal's office on your behalf.

In addition, the building inspector may require approval from the Department of Transportation and Public Works for the location of any driveways (often a rural issue), and approval from the Department of Environment and Labour if the attraction will have an on-site well or sewage disposal system (see discussion below).

Municipalities now require professionals (e.g. architects, engineers and appropriate other professionals such as a structural or mechanical engineer) to not only stamp the construction drawings, but also to inspect the construction and to certify compliance with the drawings on completion of the construction. This will need to be done before an occupancy permit will be issued. In fact, the municipality will require the owner of the building to provide a letter of undertaking that they will retain professionals to do these inspections and provide the certification, when they (the owner) applies for the building permit. The municipality will also determine from which professionals (e.g. structural, mechanical or electrical engineer, architect, etc.) inspection and certification is needed. These requirements apply to renovations/additions and new facilities for most buildings, and for all public buildings.

Nova Scotia Power issues permits and conducts inspections under the authority of the Department of Environment and Labour for new or renovated electrical systems in all facilities. An electrical permit is required before any electrical work can be carried out. It is the responsibility of the contracted electrician to obtain the necessary permits and arrange the inspection.

Once final inspections are completed, an occupancy permit is issued and the facility is ready to open.

Architects Act and Engineers Act of Nova Scotia

Plans and specifications for most buildings and developments will require professional services as legislated in the Architects Act and the Engineers Act of Nova Scotia. This means that your design and construction drawings will need to be stamped, i.e. approved, by professionals, as designated in these acts.

Fire Prevention and Fire Safety

Under the Fire and Prevention Act, no one can alter, construct, renovate, or reconstruct buildings intended for public occupancy until approval has been obtained from the Office of the Fire Marshal.

It is essential to contact the Office of the Fire Marshal (Plans Examiner) before your planning is final and it is best to do so during the design process, rather than wait until you have completed the design work. In this way, you can make any necessary changes before your plans are finalized.

The Fire Marshal's office will review plans for any buildings you have at the attraction and, where necessary, give fire safety advice. Once the plans are approved, they may not be altered without consent from the Fire Marshal's Office. (It should be mentioned here that the Fire Marshal will not conduct a pre-sale inspection of an existing property.) For renovations/alterations to existing buildings, approval takes approximately one month for new facilities and larger projects; the building plans must be submitted to the Fire Marshal at least two months in advance of the planned start of construction.

Once construction or renovations are completed, the property must be inspected and final approval given by the Fire Marshal's Office. The Office of the Fire Marshal will conduct this inspection after the local municipality has issued the occupancy permit. If a municipal building permit was required to develop the facility, you will need to make arrangements for the Fire Marshal's inspection.

There may be some specific fire safety requirements that pertain to attractions. For example, fire safety considerations involve the electrical system, including the use of electronic media or exhibitry which you may include in your attraction.

The Office of the Fire Marshal will also be concerned with any cooking systems proposed for the attraction (e.g., in a canteen or restaurant). Standards will be enforced specifically regarding the range hood and any fire protection equipment over the cooking surfaces. If propane (LP) gas is being used for cooking, a Propane Gas permit is required. Generally propane gas permits are obtained by the contractor installing the propane equipment. The contractor must be a licensed propane installer in order to install your propane equipment.

Department of Environment and Labour

As of October 2000, the Departments of Environment, Labour and a number of other regulatory agencies were combined to become the Nova Scotia Department of Environment and Labour with a mandate that encompasses a wide range of issues around the safety of people and property, a healthy environment, employment rights and consumer interests. The Department has a number of divisions dealing with different areas of interest. Check out their website (www.gov.ns.ca/enla) for an up-to-date list of these divisions and the regulations they handle.

Water and Sewage Systems

The design of water and sewage systems must be approved by the Department of Environment and Labour (Environmental and Natural Areas Management Division) and the Department must be consulted during the planning stage of your business. Inspections and approvals will also be required as these systems are installed.

Water

All water provided to guests from taps, faucets, fountains, or other sources is required to be potable and suitable for human consumption. Approval may be required from the Department of Environment and Labour to construct and operate a water system supplying water to the public.

If the accommodation is located in an area where there is a central municipal water system, then only the appropriate municipal regulations apply and the operator does not need to contact the Department of Environment and Labour for approval.

Note that there are also regulations in place governing the testing and monitoring of public drinking water on a regular basis. Check with the Department of Environment and Labour for regulations that apply to your attractions operation.

Sewage System

For properties that are not connected to a municipal sewage system, it will be necessary to obtain an approval to install an on-site sewage disposal system from the Department of Environment and Labour before constructing the facility.

In areas where central municipal sewage disposal systems exist, only municipal regulations apply and the operator does not need to contact the Department of Environment and Labour for approval.

Other Regulations under the Department of Environment and Labour

The Department of Environment and Labour is also responsible for occupational health and safety, public safety, labour standards, as well as the Office of the Fire Marshal. The Department also administers acts and regulations pertaining to elevators and amusement devices. Specific regulations that would pertain to an attraction include:

- Occupational Health and Safety Act that requires employers to adhere to operational and employee safety standards. A brief overview of this Act and the implications for business operations is provided below.

- Labour standards with respect to minimum wage, employee/employer rights, etc. A Fact Sheet providing general information on the Labour Standards Code is published on the Internet at www.gov.ns.ca/enla/labstand/lstcode/ or you can contact the Labour Standards Division of the Department for more information.

- The Pay Equity Act is administered through the Labour Services Division of the Department of Environment and Labour. Pay equity means *equal pay for work of equal value* and is a concept that bases wages on the value of work performed, regardless of whether a man or woman is doing the job.

- Indoor Air Quality Regulations;

- First Aid Regulations. There is a Guide to First Aid Regulations available at www.gov.ns.ca/enla/ohs/FirstAidGuide.pdf

- Workplace Hazardous Materials Information [WHMIS] Regulations. A guide to these regulations is available through the Environment and Labour website, Publications section, under Public Safety and Occupational Health and Safety. Note that the Nova Scotia Tourism Human Resource Council offers customized WHMIS training programs for the tourism sector. Check their website at www.tourismhrc.com for details.

- The Elevator and Lifts Act requires licensing and inspecting of elevator units by the Public Safety Office, Department of Environment and Labour, including lifts for physically challenged persons.

The Steam Boiler and Pressure Vessels Act may apply to the facility depending upon the type and size of any steam boilers or pressure vessels utilized.

The Nova Scotia Occupational Health and Safety Act

The current Occupational Health and Safety Act became law in 1997, with some significant implications for businesses in Nova Scotia. The Act is comprised of some key elements as described below. It is administered by the Occupational Health and Safety Division, Department of Environment and Labour - information, including a "How to Guide" can be found at www.gov.ns.ca/enla/ohs/

The *Internal Responsibility System* concept is the foundation of the Act and, simply stated, places the responsibility of workplace safety on all workplace parties. Workplace parties are defined as anyone connected with a particular workplace, including Employers, Contractors, Constructors, Employees, the Self-Employed, as well as Owners, Suppliers, Architects, Engineers, and Occupational Health and Safety Consultants. The Act states in some detail what the responsibilities (i.e. duties and precautions) of all workplace parties are.

The Act also provides employees with three basic rights. These are:

The Right to Know - each employee is entitled to information on issues that affect the health and safety of the employee or that of another person in the workplace;

The Right to Refuse - employees have the right to refuse unsafe or unhealthy work;

The Right to Participate - employees can participate on health and safety committees or be an Occupational Health and Safety Representative, report unsafe conditions, and voice their concerns or opinions on any issue that affects their health and safety, or that of the workplace.

The Act states that a business employing five or more people on a regular basis is required to prepare a written *Occupational Health and Safety Policy* indicating that the employer is committed to occupational health and safety, and that the employer will co-operate with employees in striving to meet the goal of a safer and healthier workplace.

A business employing twenty or more people on a regular basis is required to establish and maintain a written *Occupational Health and Safety Program* including provisions for:

- The training and supervision of employees;
- The preparation of written work procedures relative to health and safety;
- The establishment of a Joint Occupational Health and Safety Committee or selection of a Health and Safety Representative, where one is required;
- The establishment of a hazard identification program and an accident/incident investigation system;
- The maintenance of records and statistics;
- The monitoring of the implementation and effectiveness of the program.

It is recommended that you obtain a copy of the Occupational Health and Safety Act and any other regulations that may pertain to you.

Department of Transportation and Public Works

The Department of Transportation and Public Works has a number of regulations that relate to signage for attractions, including both off-premise signage and on-premise signage.

Off-Premise Signage

Major Tourism Attraction Signage Program (Controlled Access Highways)

The Major Tourism Attraction Signage Program is designed for businesses, facilities and sites that satisfy the needs of visitors from outside the immediate area and is a standardized approach to tourism attraction signage consisting of a three part package:

1) Attraction Signs that are posted along the province's 100 series highways approaching exits.
2) Trail blazer (Off Ramp) markers that are smaller in size and are located at the end of interchange ramps.
3) Trail Blazer (Secondary Roads) markers for use on secondary roads and are intended to assist motorists in locating attractions.

Eligible participants for the program include National Parks & Historic Sites, Provincial Parks, Museums and Historic Sites, Cultural/Heritage Attractions, Nature Based Attractions, Themed Attractions and Outdoor Facilities. The sale of goods must be secondary. Other criteria including attendance levels, available amenities and hours of operation are considered in determining eligibility.

The Tourism Division of the Nova Scotia Department of Tourism, Culture & Heritage is responsible for the review and approval process for all attraction signage; once approved, the Department of Transportation & Public Works is responsible for fabricating and installing the attraction signs on the 100 series highways and on the off-ramps. All costs for the fabrication and installation of the signs are borne by the operator. The operator is responsible for cost, installation and upkeep of the trail blazer signs on secondary highways.

Under the Major Tourism Attraction Signage Program, once the approved attraction signs are in place, operators will be prohibited from installing any additional signs advertising their product on or near controlled access highways. Regulations under the provincial Public Highways Act prohibit the placement of any unauthorized advertising signage within 1000 metres of centre-line of the public highway. Under these current regulations, all existing advertising signs within 1000 metres of centre line will have to be removed by mid-2006.

For further information on this program or to apply, contact the Department of Tourism, Culture & Heritage or visit their website at www.gov.ns.ca/dtc/tourism/tourism_signage.asp

Service Symbol Signage

This program includes Tourist Attraction Symbols for minor tourist attractions such as golf course or wineries (blue and white), as well as motorist service symbols (brown and white or green and white) for services that are essential to motorists such as gas stations, accommodations, and restaurants. Service Symbol Signs are for 100 series highways only and businesses must be located near a 100 series highway to be eligible. These Service Symbols are placed at the bottom of the green Exit signs, and again at the end of the ramp off the highway, and there is no charge to operators. Businesses are responsible for signage after the end of the ramp.

Other Policies for Off-Premise Business Signage on Provincial Roads

There are no provincial policies in place as of winter 2005 regarding the placement of advertising signage within the right-of-ways of secondary roads. Business operators are advised to contact their local municipality regarding policies for advertising signage along public roadways. Business operators should also adopt a neighbour-friendly approach and seek permission of abutting landowners before placing any signs, as well as taking measures to avoid blocking existing traffic signage or impede sight-distances. Business operators are also discouraged from placing any advertising signage on utility poles as it presents safety issues for service and maintenance personnel.

On-Premise Signage

Tourism operators wishing to place signs on their own premises should contact their local municipality for guidelines and regulations. As with other types of signs, operators should consider adopting a neighbour-friendly approach and consult with abutting landowners before placing of any signs.

For businesses located adjacent to provincial roads, there are regulations that apply to on-premise signage. Signs can only advertise business that is conducted on the premises; any new signs have to go either within 10 m of the main entrance point to the property (e.g. parking lot) or not further than 100 m from the main entrance to the building. Signs must be set back a minimum of 10 metres from the right of way for controlled access highways. Signs can be no larger than 28 square metres in area if there is only one business; if there is more than one business operating in the premises, the signs can be up to 51 square metres in size.

As with all regulations, those respecting on and off premise signage may change from time to time. You should check with the Department of Transportation and Public Works and the Department of Tourism, Culture and Heritage for up-to-date regulations affecting your business and the type of highway on which you are located.

Driveways and Entrances

The Department of Transportation and Public Works also has to approve the driveway/entrance to your accommodation property if you are on a provincial highway. This involves consideration of sight lines and speed limits. Contact your regional office of Transportation and Public Works for information.

Department of Natural Resources

Depending upon the type of attraction you are planning, the Department of Natural Resources should be consulted. For example, if you are developing a wildlife park, or if your attraction includes the display of captive wildlife, you will need to obtain a Wildlife Parks Licence from the Wildlife Management Division, Department of Natural Resources office in Kentville. You will also need a Captive Wildlife Permit to keep live wildlife, either native or exotic. There are required specifications for cages and facilities, and an inspection is required before a license can be approved. Check the permits section of the Service Nova Scotia and Municipal Affairs website for additional information, at www.gov.ns.ca/snsmr/paal/dnr/paal085.asp .

Navigable Waters Protection Act

If you plan to construct anything in navigable water (e.g. a wharf), you must obtain approval from Transport Canada's Navigable Waters Protection Division. The Navigable Waters Protection Act is a federal statute designed to protect the public right of navigation in navigable waters. For further information contact the Regional Superintendent of Navigable Waters Protection, Transport Canada.

Note that approvals for wharves and ramps must also be obtained from the Nova Scotia Department of Natural Resources and, in freshwater, the Department of Environment and Labour.

Competition Act

Under the Competition Act, it is a criminal offence to engage in certain kinds of deceptive marketing practices, including inflating regular price, and conducting misleading or false advertising. The act applies to all businesses in Canada and is enforced by the Competition Bureau of Industry Canada.

Department of Tourism, Culture and Heritage - Community Museum Assistance Program

If you hope to receive recognition as a museum under the Department of Tourism, Culture and Heritage, and qualify for operational funding assistance, you need to meet a series of criteria established under the Museum Assistance Policy. You have to get approval in principle from the Board of Governors of the Nova Scotia Museum before the facility is established, otherwise you may forfeit your eligibility to apply for funding under the Community Museum Assistance Program (CMAP). You must also criteria that cover issues such as:

- Community Relevance
- Collections/Information
- Presentation/Visitor Experience
- Physical Facilities
- Governance/Administration/Management
- Human Resources/Marketing

If you are eligible to apply for funding as a museum, you may qualify for an operating grant. This grant shall not exceed 50% of the operating costs of the museum (operating costs are the total cost of operating the museum less any funding received from other provincial or federal government sources), up to a maximum of $60,000, with the exact amount, if any, determined by the Museum Assistance Program. To remain in the program, a museum must apply each year, undergo evaluation every three years, maintain a minimum score and submit an Annual Report outlining operating costs as well as monthly statistics for museum use and volunteer activity.

You should contact the Heritage Division, Promotions Section, or for detailed information visit www.museum.gov.ns.ca/musdir/cmapmain2.htm

9.3 Serving Food and Liquor

Serving Food

If your attraction includes food service, you will require a license. An attraction which prepares and serves meals must adhere to Department of Agriculture and Fisheries Regulations pertaining to restaurants and eating facilities and requires a Food Establishment Permit. The Department of Agriculture and Fisheries will be concerned with the design and layout of the eating and preparation area, equipment, food preparation, maintenance, and sanitary facilities as well as other health-related aspects of food preparation and service.

If you do not plan to prepare food on site, you will not require a Food Establishment Permit. However, if you are serving perishable, prepackaged food, you will require a food shop license. In this case, your local municipality, not the Department of Agriculture and Fisheries, will govern the regulations regarding such issues as food storage, materials and surfaces and cleanliness. If you are preparing meals elsewhere, the facility where you prepare the meals will need a Food Establishment Permit.

If you plan to serve only nonperishable, prepackaged food items, no licenses are required.

Before commencing construction of a new eating establishment, or before major renovations are made to an existing eating establishment, an application and plans must be submitted to the Department of Agriculture and Fisheries. Once the application has been received, an inspector from the Food Safety Section will carry out an on-site inspection - this must be done before the permit can be issued. Contact the Department (www.gov.ns.ca/nsaf/) to apply for a Food Establishment Permit. After approval is granted, an operating permit will be issued. This permit must be renewed annually - the Department will send out a renewal notice.

Note that you may also require a Municipal Vendors license; as well some municipalities require that food handlers take Food Handler Certification, also available through the Department of Agriculture and Fisheries. Check with your municipality re local requirements.

Serving Liquor

In order to serve liquor, beer, or wine to the public in eating establishments (e.g. restaurants and dining rooms) or bar lounges, it is necessary to have a Nova Scotia Liquor License. The Alcohol and Gaming Authority should be consulted during the early stages of planning for such a facility so that the application can be made and the required hearing held prior to the opening of the facility. As well, it is necessary to consult the Alcohol and Gaming Authority during the planning stages to obtain information on their design and construction requirements and to make sure that your layout and design meets their requirements.

There are ten different types of licenses available and you will have to select the one appropriate to your needs and facility. Descriptions of the licenses are available at www.gov.ns.ca/aga/licensesummaries.htm#liquor

Specific regulations pertaining to the size of the dining area, the number of seats, and the size of washrooms apply. Copies of the Regulations as well as application kits may be obtained from the Alcohol and Gaming Authority through the website referenced above.

All liquor must be purchased through the Nova Scotia Liquor Corporation although you may purchase wine or beer directly from wineries and breweries, which are designated agency locations provided Liquor Commission forms are used.

Strict hours and age restrictions associated with your liquor license must be adhered to and violations are severely enforced. Holders of liquor licenses in Nova Scotia should be forewarned of the potential liability to which they could be exposed should a guest be injured in an accident following consumption of liquor on your premises. Care must be taken to ensure that neither you nor your employees **ever** serve liquor to guests in situations where they could be considered impaired. If that ever happens, and the guest is involved in an accident, then your property could be held liable for any damages the intoxicated guest inflicts on others.

In order to ensure that you minimize or eliminate that possibility, you and your staff should take the **Its Good Business - Responsible Beverage Service Program** offered through the Nova Scotia Tourism Human Resource Council (www.tourismhrc.com). In January 1994, the Alcohol and Gaming Authority made it mandatory for all owners of licensed establishments to take the It's Good Business - Responsible Beverage Service Program this program within six months of the issuance of their liquor license. The goal of the program is to assist operators in implementing responsible service and developing profitable business practices to reflect changes being experienced in the marketplace. It is not a server intervention program.

9.4 Personal Information Protection and Electronic Documents Act

In January 2004, the federal government implemented the Personal Information Protection and Electronic Documents Act (PIPED). This piece of legislation is applicable to all organizations, including all private sector businesses and outlines the responsibilities of an organization relating to personal information collected and stored through the course of normal business activities.

The primary purpose of the Act is to ensure that the privacy of individual consumers is respected in that any personal information, including that relating to age, name, income, social status and credit records; is used for legitimate commercial purposes only and is stored or maintained in a secure fashion.

Following is a basic overview of PIPED:

- If your business wants to collect, use or disclose personal information about people, you need their consent, except in a few specific and limited circumstances.
- You can use or disclose people's personal information only for the purpose for which they gave consent.
- Even with consent, you have to limit collection, use and disclosure to purposes that a reasonable person would consider appropriate under the circumstances.
- Individuals have the right to see the personal information that your business holds about them, and to correct any inaccuracies.
- There's oversight, through the Privacy Commissioner of Canada, to ensure that the law is respected, and redress if people's rights are violated.

It is recommended that organizations develop in-house policies and procedures relating to the retention of personal information. Many businesses have now taken steps to include their privacy policy in their company literature and have it prominently displayed on company brochures, websites, etc.

The Office of the Privacy Commissioner has an online guide to PIPED and a number of fact sheets for businesses available through their website, which can be viewed at http://www.privcom.gc.ca; or by contacting the Office of the Privacy Commissioner of Canada at 1-800-282-1376.

9.5 Taxes

Harmonized Sales Tax

The Harmonized Sales Tax (HST) is a 15% value-added tax which replaced the former retail sales tax and GST in Nova Scotia. All attraction operators (including not-for-profit facilities) are required to register for and collect the HST if their total sales revenues are in excess of $30,000 in a 12 month period. If you operate a small attraction business which earns revenues less than $30,000, you are not required to collect the HST. However, you may wish to voluntarily register for and collect the HST. The advantage of doing this is that you can claim a credit (called an input tax credit) to recover the HST you paid for expenses and purchases used for the business.

If you are registered to collect the HST, all elements of your attraction are taxable, including entrance fees, retail sales if you operate a gift shop, the sale of prepared meals and beverages if you operate a canteen or restaurant, and the sale of alcoholic beverages if relevant.

When you register for the HST, you are given a reporting schedule to follow for your HST returns, depending on the volume of your business. When you complete your return, you deduct all your input tax credits from the HST you charged on your revenues. You are required to remit the difference if the HST you collect is more than your credits; if your credits exceed your payables, you claim a HST refund.

Contact Canada Revenue Agency either in person, via phone (1-800-959-5525), by mail or through the on-line business registry at www.bsa.cbsc.org/gol/bsa/site.nsf/en/index.html and follow the appropriate links for an HST Registration Form.

Employment Taxes

As an employer, you are responsible for deducting income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums from the wages and salaries you pay your employees. You are also responsible for remitting these amounts on a monthly basis to the Receiver General for Canada, along with your share of CPP contributions and EI premiums that you pay throughout the year on your employees' behalf. You are also required to report these amounts on an annual information return and prepare annual T4 information slips for your employees. These regulations apply to any organization that is an employer, whether it be a for-profit or a not-for-profit organization.

The Canada Revenue Agency is responsible for ensuring these requirements are met. The department handles enforcement and some collection activities related to payroll deductions, prepares the Payroll Deduction Tables used by employers for calculating deductions, and determines employee insurable earnings for Employment Insurance and pensionable employment for the Canada Pension Plan.

Contact your local Canada Revenue Agency office or tax centre for more information.

Nova Scotia Workers' Compensation

Under the Nova Scotia Workers' Compensation Act, various industries are required to pay for compensation coverage to protect employees from income loss and medical expenses resulting from job-related injuries. If your type of attraction is required to pay Worker's Compensation under the Act, you are required to pay a premium based on the dollar value of wages you pay your employees. (If you have three employees or fewer, you are exempt from this regulation.)

Contact the Nova Scotia Workers' Compensation Board (www.wcb.ns.ca) for additional information regarding the types of attractions which have to pay premiums, the specific premiums applicable to you and a copy of the registration form.

Corporate Income Tax

Corporations

If your business is federally or provincially incorporated, you must file a corporate income tax return. This requirement also applies to incorporated not-for-profit organizations; the only exception is a Registered Charity. (However, charities need to file a Registered Charity Information Return; see the discussion below on charities for more information).

Be sure to file your corporate income tax return within six months of the end of the taxation year. The taxation year of a corporation coincides with its fiscal year. The services of an accountant are recommended in completing your income tax return as financial statements are required to be attached to the T-2 Corporate Return. You can obtain a copy of the T2 Corporation Income Tax Guide and schedules from the Canada Revenue Agency.

Corporations are required to pay monthly installments to cover Corporation Income Tax in the second year of operation and all following years if their federal taxes exceed $1,000.

Sole Proprietorships and Partnerships

The income from a sole proprietorship or partnership is accounted for on the personal income tax of the individual proprietor or partner. Your taxable income is essentially your business income minus any eligible business deductions. A separate Partnership return is required if there are more than five partners in the partnership.

For additional information or Income Tax forms, check the Business Section of CRA's westie (www.cra-arc.gc.ca) or contact them by phone at 1-800-595-5525.

Business Occupancy Tax

Occupancy tax is an annual municipal tax that is administered and collected by the local municipality. The tax is charged on nearly all commercial buildings in Nova Scotia, and is applied at a fixed percentage based on the assessed value of a building, taking into consideration the commercial value of the building (based on the value of the building and its rent per square foot), and the assessment rate which applies to the particular type of business. The provincial Assessment Division (Service Nova Scotia and Municipal Relations) is responsible for determining the assessment value of your property for occupancy tax purposes.

There are plans to introduce legislation in the Spring of 2005 to eliminate the Business Occupancy Tax in Nova Scotia

Contact your local municipal tax office or the Assessment Division of Service Nova Scotia and Municipal Relations.

9.6 Registration of Companies

Provincial Business Registration

All business owners are required to register the name of their business, although the manner of doing this varies depending on the type of business structure established. Appendix IV provides comments on different types of business structures and the advantages and disadvantages of each. The Nova Scotia Business Registry is now available on line at www.gov.ns.ca/snsmr/nsbr/ .

In addition to the business registration, discussed below, you may also wish to register a trademark on the name of your business which provides you with more protection. You will need to deal with your lawyer to arrange for a trademark.

Partnerships and Sole Proprietorships

The Partnership and Business Names Registration Act, administered by the Nova Scotia Registry of Joint Stock Companies, requires the registration of sole proprietorships and partnerships in the province.

If a partnership has two or more partners, the partnership must appoint a recognized agent who is a resident of Nova Scotia. One of the partners may be the agent.

An annual registration fee is charged. The registration year runs from April 1 to the following March 31. In addition, there is a charge for conducting a NUANS (Newly Updated Automated Name Search) to verify that your business name is not already being used by another business in Atlantic Canada. A NUANS search may be ordered through the Registry of Joint Stock Companies, Access Nova Scotia, or a private research house.

The registered name of the partnership or sole proprietorship will have some protection as the Registrar of Joint Stock Companies will not allow the registration by another business of an identical or similar name.

For further information, contact the Registry of Joint Stock Companies at www.gov.ns.ca/snsmr/rjsc/ .

Corporations

Corporations are required to be registered in Nova Scotia under the Corporations Registration Act. If you wish to establish a Nova Scotia corporation, the first step is to request a NUANS of your corporate name to verify that it is not already being used in Atlantic Canada. A fee is required for each NUANS request. Incorporated companies are required to include the corporate designation Limited or Incorporated as the last word in the business name.

Once your business name and incorporation has been approved, you are required to pay an annual fee to register the business in Nova Scotia. The registered name of your corporation will have some protection since the Registrar of Joint Stock Companies will not allow the registration by another business of an identical or similar name. Every incorporated business must appoint a recognized agent who is the person that received official correspondence. This Agent does not have to be a lawyer but he/she must reside in Nova Scotia.

All business registrations can be completed on line through the Nova Scotia Business Registry (www.gov.ns.ca/snsmr/nsbr/), via phone (1-800-225-8227) or in person at any Access Nova Scotia location.

Incorporating a Non-Profit Society

A society is a non-profit organization which has been incorporated under the Societies Act. Incorporation of the non-profit organization is not mandatory, however, the benefits of incorporation such as limited liabilities for members, make this desirable. It is usually a requirement for obtaining funding through provincial departments, ACOA, etc.

Any five or more persons wishing to incorporate as a non-profit society may do so under the Nova Scotia Societies Act through the Registry of Joint Stock Companies. A society incorporated under the Societies Act is a corporate entity separate and apart from the members, with the power to hold property and carry out objects set out in a Memorandum of Association.

The name of the society must be submitted for a Nova Scotia name search. This name search is free of charge and can be requested from the Registry of Joint Stock Companies or through Access Nova Scotia. If the name is available, it will be reserved for a period of ninety days. Once the name has been reserved, incorporation documents must be completed and submitted to the Registry or Access Nova Scotia along with an incorporation fee.

Federal Business Registration

Partnerships and Sole Proprietorships

There is no registration for partnerships or sole proprietorships at the federal level. Businesses wishing to operate in more than one province must be provincially registered in each province in which they wish to conduct business.

Canada Corporations

If you are considering incorporation, you have the option of being incorporated at the Federal level under the Canada Business Corporations Act (CBCA). This replaces the need for provincial incorporation.

Federal incorporation is often chosen for the heightened name protection it provides and may be particularly useful to you if you plan to carry on business in more than one province. Location flexibility is another advantage of federal incorporation. For example, the CBCA does not set restrictions regarding the province where your head office is located.

As with provincial corporate registration, you are required to have a name search conducted (NUANS) and pay an annual corporate registration fee. Your business must be registered to do business in Nova Scotia, even if it is a federal corporation.

Contact the Corporations Canada (www.corporationscanada.ic.gc.ca), or the Canada/Nova Scotia Business Service Centre for incorporation and registration information.

Business Number Registration

The federal government business numbering system, or BN, is a numbering system designed to simplify the way businesses deal with government. When you start a business (for profit or not-for-profit) and open one or more Canada Revenue Agency (CRA) business accounts (e.g. corporate income tax account, payroll deductions account, or harmonized sales tax/goods and services tax (HST/GST) account), you will automatically be assigned a unique Business Number which identifies you and the various accounts you have. This streamlined system allots you one number only with which to deal with the federal government, replacing the multiple numbers that businesses required in the past. You can register for a BN on line at www.cra-rc.gc.ca/business .

Businesses that register for the BN will obtain one-stop business services from the Canada Revenue Agency, including new business registration, adding new accounts, updating account information, and account enquiries.

In most cases, new corporations will automatically receive a BN from CRA within 45 days of incorporating at the federal or provincial level. Contact CRA if you need to have a Business Number issued to you before this time.

Contact the Canada Revenue Agency for a copy of the registration application form and guide, or register on line. You may also register by phone, in person, by mail, or by fax. (If you are a corporation, your company must be registered and you must also provide a copy of your Certificate of Incorporation to be registered for a Business Number.)

Registration as a Charity

If you are operating a not-for-profit attraction, you may want to explore the possibility of becoming a registered charity with the Canada Revenue Agency which could provide some benefits to your fundraising efforts. Becoming a registered charity allows an organization to issue official charitable donation receipts for gifts received, which can provide the donor with some tax savings.

Once registered as a charity, the organization must devote its resources to charity, continue to meet the other requirements of registration and file a Registered Charity Information Return within six months of the year end.

To quality for registration, an organization must be established and operated for charitable purposes, and it must devote its resources to charitable activities. A charity has to meet a public benefit test, showing that:

- Its activities and purposes provide a tangible benefit to the public;
- Those people who are eligible for benefits are either the public as whole or a significant section of it;
- The charity's activities must be legal and must not be contrary to public policy.

In order to be registered as a charity, an organization must either be incorporated or be governed by a constitution or trust.

There are four general categories of charitable purposes, and to be registered, an organization's purposes has to fall into one or more of these categories:

- The relief of poverty;
- The advancement of religion;
- The advancement of education, or
- Certain other purposes that benefit the community in a way the courts have said are charitable.

You should contact the Canada Revenue Agency, Charities Directorate for additional information. You can also check out their web site at www.cra-arc.gc.ca .

9.7 Insurance

All attraction operators should carry insurance, regardless of the size of their operation.

The following are the main types of insurance of which you should be aware.

- Property or Fire Protection Insurance is the most basic form of insurance and protects your property and buildings in case of fire. This type of insurance is usually required by your lender in order to secure a mortgage for your property.

- General Liability Insurance is insurance to cover claims made against your business for bodily injury or property damage arising from your operations. This insurance is commonly known as third-person liability insurance. Liability insurance will protect you from any accidents which may occur on your property. There may be minimum requirements for liability insurance associated with some of the licenses you require.

- Equipment Coverage is insurance to protect the equipment of your business, including maintenance equipment, restaurant equipment if you operate a restaurant or canteen within the attraction, etc.

- Basic Vehicle and Vessel Insurance covers you in the event of vehicle damage, bodily injury and/or property damage resulting from an accident. Normally, insurance on a vehicle is based on the make and model of the vehicle, and its value.

If you own (not charter) the boats or vehicles you use in your attraction business, you are required by law to hold valid vehicle insurance for each vehicle. This type of insurance is the same type required for your car, under the jurisdiction of the Registry of Motor Vehicles. If you don't own your own boats or vehicles, but rather charter or hire them out, you are not responsible for the vehicle insurance – the company you charter from is.

- Stock Coverage is protection for goods for resale (i.e. food) you hold in inventory during the course of conducting your business. This may be important if you intend to operate a gift shop as part of your attraction.
- Business Protection Insurance is loss-of-income protection. Such insurance protects your business from a loss of business revenue if, for example, your property had to close for a few months as a result of a fire.
- Crime Coverage is a type of insurance which protects your business from losses resulting from employee infidelity or theft. This type of coverage can be particularly important for larger attractions or attractions which operate food establishments or gift shops in their facility and where theft of money or items can sometimes occur.
- Robbery and Holdup Protection will cover you in the event of a robbery. This type of insurance can be particularly important if your business has a significant amount of cash on hand at any time.
- Director's and Officer's Liability is important to a community-based attraction with a board of directors. This type of insurance covers directors for wrongful acts such as wrongful dismissal, errors and omissions in the course of performing their duties while acting as a director/office of the association.

As an attraction operator, the specific types of insurance you should hold will vary according to a variety of factors, including the size and nature of your business. Similarly, the insurance premiums you pay each year will depend upon the level of coverage you need.

If you are a community attraction, and if the municipality is involved in the operation of your attraction, or owns your building, you may be able to arrange for insurance coverage through the municipality's policy.

In most cases, you should purchase broad-form or all-risk insurance which will provide you and your business with a number of different coverages, rather than purchase standard or basic insurance, which will only provide you with fire protection insurance and, in some cases, some limited liability insurance.

Talk to an insurance agent who has experience in providing insurance for the attractions sector about the types of insurance you should carry. In addition, membership organizations such as the Tourism Industry Association of Nova Scotia (TIANS) may be able to provide you with access to cheaper group insurance rates than those which you could obtain on your own.

SECTION 10

Operations

SECTION 10

OPERATIONS

You have so far developed a concept and strategic plan for the attraction, assessed its feasibility, and designed the attraction, based on a full appreciation of the marketplace and the competition. You have also established the business organization and arranged its financing. This section presents suggestions and guidelines for operations. Of necessity, the information in this section is fairly general in nature and you will have to adapt the principles and approaches for your specific type and size of attraction.

10.1 Organization and Staffing

Board of Directors

You will likely want to establish a Board of Directors to direct and oversee the development and operation of your attraction. While this may not be necessary for a privately owned commercial operation, it will be important for a community one. Here are some principles and tips to follow:

- Keep the Board small – 15 persons or less. Large boards are less effective and limit the active participation of individual members. For this reason, large boards discourage active people – who are the kind you want in the first place.

- Try to limit board membership to people who can make a real contribution to the success of the project. You want people with business savvy, marketing savvy, and others who can influence things in the community that will help the project – the "movers and shakers". This shouldn't be simply a place for political appointments or individuals seeking personal prestige. Once your attraction is established, you may need to recruit Board members with a different mix of skills to oversee the operation of the facility.

- Make board members understand that, while they have the ultimate authority, the management needs to be given authority to manage. Boards shouldn't micro-manage operational matters! This is a common problem with community organizations and associations.

- The Board should focus its efforts on:

  - Setting policy, goals and objectives;
  - Approving business plans and budget proposals;
  - Considering and approving capital projects;
  - Monitoring business performance;
  - Delegating day-to-day operating authority to the General Manager;

  - Holding the manager accountable for results;
  - Using the influence of its members to get funding, seek sponsors and represent the interests of the attraction to the community.

- The Board should not:

  - Interfere in operational matters under the authority of the manager;
  - Provide direction to staff other than the senior manager;
  - Represent themselves individually as the voice of the enterprise (that's the role of the Board as a whole, or the senior manager)
  - Publicly disagree with the management (disagreements should be dealt with within the Board)

For community owned and operated attractions, it will also be important that you establish an organizational structure and assign responsibilities such as signing authorities, responsibility for contracting, etc. early in the process. You also need to make sure that you have appropriate by-laws in place early on.

Management and Staffing

You need to figure out your management and staffing requirements. The areas of management that will have to be covered include:

- General management: banking, planning, budgeting, overall supervision of each area of operation below;
- Marketing: website, advertising, sales, group sales, promotions, co-op and contra activities, market research;
- Sales administration: liaison with tour and group clients, reservations, and billings;
- Financial control and accounting: bookkeeping, management reports, tax remittances, payroll, collections, and purchasing;
- Personnel: staff hiring and training;
- Interpretation and special programs: scheduling, training, supervision, quality control, problem solving.

Larger operations may have departments for each of these activities. Small ones will combine them. For example, the general manager/owner and an assistant might supervise all areas directly, with employees hired to handle functions such as sales, group services, office administration, bookkeeping, and personnel. Keep the management team small initially. You can always add more people if you really need them but it is much harder to downsize if you have too many.

Other than administration functions, a key requirement in an attraction is for skilled customer service staff and, depending on the type of attraction, interpretive and/or program staff.

The skills and knowledge of these staff persons, as well as their ability to provide quality service to your visitors, will have a large impact on your attraction's credibility and reputation. It is essential that your staff be knowledgeable and skilled professionals with a strong customer service orientation.

Hiring Tips

The following is a list of hiring tips for staff:

- Develop job descriptions that clearly set out roles, authority, responsibility and accountability for performance, and are based on the occupational standards for each occupation, where they exist;
- Advertise for staff in local media; check out the Nova Scotia Tourism Human Resource Council on-line job board (www.novascotiatourismtalent.com); contact the nearest Human Resources Centre of Canada; contact placement offices of public or private training institutions offering programs in tourism or hospitality; post notices on local community bulletin boards.
- Screen applications and develop a short list of qualified candidates for interviewing;
- Interview applicants. It is recommended that the same list of questions be asked of all applicants, and that consistent criteria be used in your evaluations. Use a scoring grid when conducting the interview. This will help you make sound hiring decisions.
- Select final candidates for positions required. Ask for and always check references. The middle of the season is no time to discover that a staff member's poor performance had been experienced by an earlier employer. Keep notes on your conversations with references that you can refer to when making your final decisions.
- Make the job offer. At this time, clarify roles and responsibilities, training opportunities for staff, performance expectations, remuneration and benefits, terms of employment for the season, etc.

10.2 emerit Standards and Certification

Nova Scotia's Tourism Human Resource Council is a partner with the Canadian Tourism Human Resource Council in the development of National Occupational Standards and manages the process for Nova Scotia. Standards and Certification are being developed for occupations in all sectors of the tourism industry, and standards currently exist for 49 occupations. Certification is available for 25 of these occupations.

Standards are statements outlining the attitude, knowledge and skills required of an individual in order to be considered competent in an occupation. Standards clarify expectations and can be used to design consistent training, education and professional development programs. The Standards development process involves the sharing of expertise from industry professionals who perform the job, as well as their supervisors who are recruited to develop the content of the Standards.

Certification is the recognition of an individual's competency in his or her occupation. National Certification is a three-step process involving a written examination, performance review and industry evaluation. It is voluntary, candidate driven and designed to be completed on the job. Professionals who achieve National Certification will be recognized across the country for meeting industry requirements in their selected occupation. The candidate must be employed in the occupation and must have achieved a minimum number of hours of work experience (the number of hours varies depending on the occupation), prior to completing Certification.

Flexible learning options for the industry now allow new entrants to gain a solid foundation while experienced and knowledgeable candidates can challenge the option that best suits their needs. What each candidate learns is credited towards future learning - creating recognition of prior learning and allowing candidates to move towards the pinnacle - emerit National Certification - at their own pace.

Learners can select the best option for them:
- Standards/Workbook study
- Online Learning
- Study selected modules to enhance performance of specific skills
- Challenge full certification

The development of Standards and the implementation of Certification is having various positive impacts on the tourism industry, as follows:

- Enhancing the image of tourism occupations;
- Enhancing human resource management skills in the tourism industry;
- Providing practical, realistic training programs for tourism occupations;
- Raising the overall level of professionalism in the industry.

More details on Standards and Certification, and a listing of the occupations for which standards have been developed can be found at www.emerit.ca and in Appendix VI. Additional information on human resource tools and certification can be obtained from the Nova Scotia Tourism Human Resource Council.

For an attraction business, the relevant standards available at the time of writing the manual are for a Tourism Small Business Operator, a Heritage Interpreter, Sales Manager, Special Events Manager, Special Events Co-ordinator, Director of Sales and Marketing, and Tourism Trainer.

First Aid and CPR Certification

Your staff should also be certified in first aid and CPR. First aid training is available through St. John Ambulance and the Red Cross, as well as through industry-specific training courses which address first aid.

10.3 Training

It is important to recognize the benefits of staff training and to consider training, like marketing, to be an investment. Ensuring that your customer service staff are quality service providers who are capable of delivering both the procedural and personal sides of service in a professional and hospitable manner will enhance repeat business and increase word of mouth advertising. Training in an attraction operation:
- Increases productivity;
- Reduces staff turnover;

- Improves staff morale;
- Improves customer service;
- Improves sales;
- Improves quality of performance;
- Enhances clients' experiences;
- Provides a competitive advantage.

Seasonal staff training can take the form of on-the-job training or job shadowing, or formal training, on or off site. You may wish to undertake both. Experienced staff will benefit from spring training (i.e. refresher training), and a good orientation program should be a priority for all staff at the beginning of the season.

Customer service training programs (one or two days) have been shown to be beneficial to staff; and holding a pre-season seminar on customer service will help motivate staff as they prepare for the upcoming season. *SuperHost Atlantic - Expect Excellence!* is a frontline program offered throughout the province.

SuperHost Atlantic - Expect Excellence! is an internationally recognized Quality Customer Service Training Program that focuses on communication and customer service. This seven hour interactive workshop examines attitudes to service and interactions with customers. The program is suitable for any business that deals with customers and is an inspiration for commitment to service excellence. Information on SuperHost can be accessed through the Nova Scotia Tourism Human Resource Council (www.tourismhrc.com). The NSTHRC also offers a number of other customer service training programs including *Service 1st - Making the Connection*!, *Team Excellence*, *Stress Management*, *Workplace Etiquette*, *Sales Powered by Service* and *Managing Service Excellence*, as well as a host of other programs.

You could develop and deliver your own training sessions or hire an outside consultant or training organization to do it for you. Training resource materials can be found through the Nova Scotia Tourism Human Resource Council.

A guest service program for frontline staff should include:

- Human relations/communications skills;
- Guest expectations;
- Tourism awareness;
- Product knowledge;
- Local knowledge;
- Giving directions/map routing;
- Handling difficult situations.

Most training for new personnel in an attractions operation is carried out on the job, starting with an orientation. The orientation should include the following components:

- Provide information about the company, e.g. mission statement, organizational structure, policies and procedures, and service standards;
- Tour office facilities, attraction elements and working areas;
- Introduce new staff to co-workers;
- Complete employment documentation.

Depending on the nature of your attraction and on the specific attraction features that you have, you will probably need to provide some specialized training for your staff.

10.4 Pricing

The core method of pricing of your attraction should be an analysis of costs, taking into account other factors such as the competitive situation, the length of stay and the entertainment value at your attraction as discussed in Section 7. The objective should be a price schedule which meets all of the following criteria:

- Provides perceived good value to consumers;
- Is competitive;
- Is sufficient to recover all costs and make a contribution to profit;
- Provides for appropriate discounts and commissions;
- Provides the basis for a revenue management approach (for information on revenue management, see the discussion below).

There are several methods of setting the price for your product, the more common of which are:

1. Intuitive: the "gut feel" approach. This method is often practised by small- and medium- size businesses, but there are no advantages to it. How do you know if you have set your prices too low or too high?

2. Competitive: based on what your competitors are charging. This approach gives no consideration to the operating and financial realities of your business. Do you know if your competitors are making money? But competitive prices are of course an important issue to consider.

3. Trial and Error: prices are intentionally varied over time to see what revenues they generate. The price/volume combination that produces the highest profit is eventually identified. However, there are many factors other than price that affect volume and they will reduce the reliability of this approach. You also may not survive the trial and error!

4. Target Pricing or Return-on-Investment Pricing: this is a cost-based pricing method. Your projections of expenses and demand are used to set a rate that will generate the revenue and return on investment you are targeting.

5. Discount Pricing: this is a partial pricing method; a process designed to help you make the short-term pricing decisions that may sometimes be necessary to attract business in slower periods.

We recommend that you use method #4 as the primary method, with #2 and #5 used in addition.

Whatever pricing method you follow, keep in mind the following rules:

- Make sure you know the costs of operating your attraction;
- Make sure you know the impact of price and cost changes on your sales and profits;

- Follow your competitors only if you stand to increase your profits;
- Never discount your prices below your variable costs;
- Check your pricing decisions against your customers' reactions, not just against your own judgement;
- Never gouge your customers.

You should review your pricing periodically against your operating results and budget.

10.5 Budgeting and Review [4]

You should always develop an annual budget for the operation of your attraction. There are several methods you can use, as follows:

Zero-Based Budgeting

Zero-based budgeting is also known as bottom-up budgeting because one builds the budget from scratch. Activity by activity is addressed, reassessed, examined, and justified. Each of the elements of the operation is examined separately. Budgets are then assigned to each activity. In this way, a cost-benefit analysis is built into the budgeting process.

Percentage of Sales Budgeting

A method long used to establish many elements of budgets is the percentage of sales method. This is a much cruder technique and should be used primarily for cost of sales items, such as for retail merchandise or food and beverage. The percentages of gross sales for various cost items is usually based on historical data and/or industry norms.

This method of budgeting is relatively easy and doesn't require a lot of "input." On the down side, however, are more than enough problems to bring the percentage concept into some disrepute. Industry averages can be misleading. Different companies do their accounting in different ways, and all businesses are different to varying degrees, and who is to say whether the average performance of other businesses is a good yardstick to measure your own business?

Which to Use?

You should use the zero-based budgeting approach other than for limited areas of your budget such as the cost of goods sold. You will need to have solid information and/or previous operating experience on which to base your budget using this approach. If you are starting from scratch in developing your budget, you may end up using the percentage of sales approach to provide you with some "ball park" figures. Subsequently, you should build on your experience to develop your budgets using the zero-based method.

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[4] This material was adapted from the Nova Scotia HUB and SPOKE Tourism Marketing Seminar Manual, prepared for the Nova Scotia Tourism RITC by The Economic Planning Group and Hospitality Marketing, 1989/90.

The percentage of sales budget data does have another value as a management tool. It can provide you with a set of measures you can use to evaluate the performance of your business against other similar businesses in your industry.

Whatever the case, you should do a budget on an annual basis, at least, and since you are most likely to be a seasonal business, you should do one budget for your operating season and another for the rest of the year.

You must review your actual revenues and expenses against the budget on a regular basis and take corrective action where necessary. Also, make sure you amend your budget if your actual experience suggests that adjustments are warranted.

10.6 Revenue Management

Revenue management is a proven technique for maximizing revenue and profitability. It is a method of selling the "right inventory unit to the right type of customer, at the right time, and for the right price." It was developed in the 1980s by the airline industry and adapted by the package tour and hotel sectors in the 1990s. It is now being used in the attractions business as well.

Revenue management is a strategy of continually monitoring and forecasting demand, and using inventory and pricing strategies to maximize revenues on a daily basis. Transportation companies generally refer to the practice as "yield management", while most hotels and others refer to it as "revenue management".

In the attractions business, where admission fees are generally modest compared to airfares and hotel room rates, and where capacity limitations are not necessarily a problem, the use of revenue management is somewhat less effective overall. It is most effective when discounts are used to stream demand from low price segments, such as school groups, into periods when demand from other segments is soft. It can also be effective in increasing yield in periods of high demand through promoting value-added offers and packages.

Revenue management is a technical area, and is generally used by larger scale businesses. An introduction to the concept is provided in Appendix VI.

10.7 Reservations

If all your business is casual, non-group customers, you probably wouldn't need a reservations system. If the attraction is filled to capacity on a given day, visitors can be sold tickets for later entry.

On the other hand, a reservations system will be important if you plan to do group business, or cater to motorcoach tours.

A basic, manual system can consist of a loose-leaf binder, with a page for each scheduled tour departure, organized by date. You can then record reservations and cancellations and control your advance bookings against available capacity. However, with today's technology, there are software systems that can do this too and link the reservation system into your group billing system, which is very helpful. You would be well advised to look into what's available. Talk to other attraction operators for ideas and recommendations.

10.8 Business Systems

You will need a basic accounting system. Software is now available for all of the normal accounting and payroll functions or you may find it easier to contract your bookkeeping and accounting to a local accountant or bookkeeping service. An accountant can advise you on all of these things.

10.9 Banking

Talk to several different banks to find one that is supportive of your efforts. Some managers take a helpful approach to small business people, while others do not. Pick one who understands your business concept and is supportive.

You can greatly facilitate your banking relationship by meeting with the manager once a year to keep him or her informed about your business and your plans for the future. A good time to visit is when you have your new annual financial statement ready. Walk them through the results and explain what has changed and why. While they may not necessarily care about the specifics of what you're saying, it is very important that they see that you are on top of the business and committed to its future. The psychology is just as important as the substance. Bankers like to know that you are taking care of the business.

If cash flow problems arise from time to time, as they may, meet with the bank to keep them informed about what's happening and what you're doing about it. Nothing makes a banker more nervous than a silent client whose bank account is constantly at its credit limit. On the other hand, if the bank manager believes you are making an effort to keep him or her informed, the bank will be much more cooperative in helping you through difficult periods.

10.10 Environmentally Sustainable Operations

Increasing emphasis is being placed on the operation of tourism businesses in Nova Scotia in an environmentally sustainable manner. The manager and staff of your attraction should be aware of the principles of sustainable tourism, and you should operate your business in a manner that is consistent with these principles. For more information, contact the Tourism Industry Association of Nova Scotia which is has prepared self-audit workbooks for tourism businesses.

10.11 Quality and Service

High standards of quality and service are essential to the long term success of your attraction. They will help ensure that your visitors get their money's worth, provide you with good word-of-mouth publicity and encourage their friends and family to visit.

You should establish the goal of consistently exceeding guest expectations when it comes to:

- Cleanliness of the attraction, including its state of repair;
- Staff service - dealing with problems, customer service, hospitality, etc.
- The quality of your exhibits, displays, rides, programs, etc.

Develop a Quality Service Plan and incorporate this into the design of the facility, your maintenance program, staff training and policies. Some determinants of a quality experience are:

- Reliability: providing the promised service consistently;
- Tangibles: providing hands on examples of quality;
- Responsiveness: willingness to help and provide prompt attention;
- Empathy: providing caring, individualized attention.

10.12 Safety

The safety of your visitors, and your staff, must be of paramount importance in the design and operation of your attraction. You need to incorporate risk management considerations into every detail of the design and layout of the facility. The bottom line is cutting down on accidents and liability costs.

10.13 Working with Volunteers

Volunteers can be a very important resource if you are operating a community, not-for-profit attraction. In fact, many such facilities rely extensively on a core of volunteers to collect admissions, operate gift shops and provide interpretive services. Some large, public sector attractions such as those operated by Canadian Heritage, as well as some of the provincial museum facilities, depend on volunteers exclusively to operate their retail stores, through "Friends of" groups.

Whatever role your volunteers play, it is important to remember that volunteers require human resource management, as do your paid staff. You need to have in place policies and programs for recruiting volunteers, for providing the necessary training, for ongoing operational procedures and, of particular importance, for ensuring that your volunteers are recognized for their efforts.

Volunteers can be a great resource for your attraction – they can bring skills and resources to bear that you do not have access to in-house, they can offer dedicated time and can become effective supporters of your organization. However, there are challenges to working with volunteers. There may be a high level of turnover and a lack of commitment, as well as a lower level of accountability. You will still need to spend money on managing the volunteer program and on providing training, and the efforts required in this respect may be quite significant if you are relying on volunteers to play a major role in the operation of your attraction.

If you are planning to involve volunteers in the operation of your attraction, you should undertake the following tasks:

- Assess your volunteer needs, particularly what tasks/services the volunteers can perform and what your costs might be to involve volunteers in these tasks;

- Create job/task descriptions for each volunteer position;

- Recruit potential volunteers through community contacts, word-of-mouth, press releases, etc,

- Interview prospective volunteers, and explore their skills and motivations and match them appropriately with the jobs and tasks you have. Remember to be very clear and honest as to your expectations, particularly with respect to time commitments;

- Provide training to your volunteers (and to your paid staff on how to work with volunteers);

- Maintain two-way communications with volunteers;

- Undertake performance appraisals of your volunteers;

- Recognize the efforts of your volunteers, on a regular basis as well as through special "volunteer recognition" events.

There are numerous resources available on working with volunteers, both published material and various Internet sources, such as www.volunteertoday.com

SECTION 11

The Marketing Plan

SECTION 11

THE MARKETING PLAN[5]

11.1 Introduction

Your marketing plan is a guide for directing your marketing efforts and a tool for monitoring the progress you are achieving. It is generally written annually. Traditionally, the marketing plan is prepared in conjunction with your overall financial planning and budgeting.

The plan might be written by the owner, manager, or marketing manager. However, it should never be prepared in isolation – a good plan requires the support and counsel of key people in your attraction. If you are a community attraction with few staff resources, you may want to approach your Regional Tourism Industry Association for some assistance with your marketing plan. They will be aware of the co-op marketing opportunities available and will be able to provide some advice on the most cost-effective ways of marketing your attraction. You may also find it useful to review the Guide to Marketing Your Nova Scotia Tourism Business that is one of this series of publications since it provides much more detailed information and tools on developing and implementing your marketing plan.

When you are starting up your business, the marketing plan is a crucial element in your overall planning process – without marketing, you will have no customers. Frequently, in small businesses, and in community-owned/operated facilities, marketing tends to get overlooked or to be given a lower priority when there are other, apparently more vital demands for available start-up funds. However, marketing must be given a high priority; and developing a good marketing plan is an essential first step.

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[5] The material in this section has been adapted from several sources, all of which were originally prepared by The Economic Planning Group. These sources include:

- *Nova Scotia HUB and SPOKE Tourism Marketing Seminar Manual*, prepared for the Nova Scotia Tourism RITC, 1989/90
- *Tourism is Your Business: Marketing Management*, Published by Canadian Hotel & Restaurant, Maclean Hunter Limited in cooperation with Tourism Canada and the Canadian Government Publishing Centre, 1986
- *Packaging for and Selling in the United States Leisure Market*, Published by Tourism Canada, 1995

This section discusses the basics of how to develop your marketing plan and introduces some of the key marketing methods and tools. It also suggests how to use these techniques when dealing both with consumer markets and the travel trade.

Developing a Marketing Plan

Your marketing plan should contain several elements, as described below.

Business Assessment

An assessment of your situation – the current status of the market, the competitive environment, trends – including all of the things discussed earlier in sections on preparing a strategic plan and feasibility assessment.

Marketing Objectives

With the assessment completed, develop a clear statement of objectives – sales volume (number of visitors), total revenues and profit for which you are striving.

Marketing Strategy

This is your overall approach to achieving your marketing objectives. It should include a Positioning Statement – what is the attraction and its key features, who is it for, and how is it different?

It should also include a definition of your target markets – each of the market segments you wish to attract. And you must also decide how you are going to attract them.

Developing your marketing strategy and defining your target markets may well involve some form of market research. Some key types of market research are identified later in this section.

As described earlier, your major markets will probably be visitors to your community and province, travelling either individually or in groups, as well as residents of the local/regional area.

For individual consumers, it is most likely that they will not make the decision to visit your attraction until they are in the province or even in your community. As discussed earlier, only a few large-scale or particularly unique attractions are demand generators and play a role in attracting visitors to the province. Generally, attractions are visited by people who are already in the area or in the province. There is only a limited return, therefore, in marketing your attraction directly to travellers who are not already in the province (except for through your website, the provincial tourism website and by advertising in provincial/regional publications that are sent out to people thinking of visiting the province – more about that later).

Marketing to consumers and marketing to the travel trade, which is the major group market you are likely to target, are discussed in the next two parts of this section of the manual.

Measurement/Evaluation

Your marketing plan should also identify tracking measures for all of your major marketing programs. Taken together, the results of your evaluations will give you an effective means of comparing the results of your marketing activities against the objectives you set for them, and against one another. Various evaluation measures are identified later in this section.

11.2 Marketing to Consumers

Website and Internet-based Marketing

The Internet has triggered a complete revolution in how companies market themselves, and this is particularly the case with tourism companies. Even the smallest enterprise can reach out to the world via the Internet. While marketing expertise and budgets still make a big difference in marketing effectiveness, these are no longer the absolute determinants of how broadly and far a company can reach in promoting itself. Even a simple website can be accessed worldwide. The playing field has been considerably levelled for companies large and small.

The big differences today are not in having an Internet presence; rather they are in a) your ability to attract prospects to your website and b) the quality of the website itself in terms of ease of navigating within it and its effectiveness in generating sales.

Internet marketing refers to all forms of marketing associated with the Internet, including websites, website links, database marketing, relationship marketing, web-based advertising and web-based tour operators. We will introduce you to each of them in this section.

Website

The use of a website along with Internet-based e-marketing have exploded onto the scene and today have become a fundamental and central component of most tourism businesses marketing. In fact, many businesses are using their other marketing to drive prospects to their website and some are relying exclusively on their website to market their business.

Early websites were simply electronic brochures people could view on the Internet. Today, many websites are much more sophisticated and provide a number of helpful functions for the user, all of them designed to make it easier and more compelling to buy the products on offer. In the text to follow we summarize the basics involved, and also describe the more sophisticated functions possible today.

URL

This is the address of your website. (URL stands for 'Uniform Resource Locator', which is not particularly helpful to know.) But having an easy-to-remember URL, or 'domain name', is important. Here are a couple of other important points:

- Your website needs to be a 'real' website, not part of a 'referred' site, such as those offered by Sympatico and other Internet 'portals', in which your web pages are embodied within their website. Search engines will no longer recognize your content if it is part of a referred site.

(Problems with spam have forced the search engines to impose this limitation on referred sites).

- Use the name of your business in your URL to ensure it will be picked up by the search engine when someone is searching for your website by business name.
- We recommend you use several different URLs having likely names for your product, all connected to your website, again to optimize access.

It is important to realize that you need to have your own Internet address which makes your web pages into a 'website' accessible directly via the Internet through search engines. Just having web pages on someone else's site does not accomplish this. People won't find your content without going to the hosting portal website first, which is not what you want.

We are not suggesting you not list on a portal website, not at all, we are simply suggesting that you also need your own separate website, and that any listing on a portal also include a direct hyperlink to your website.

Website Design

The basic website is much like a traditional brochure but with more information available through the use of user-selected topics from a sidebar menu on each page. Lure information is displayed in text and pictures, while more detailed information is accessed via the menu bar. Common topics include who we are, our history, our products and services and how to contact us.

We strongly suggest you also include lure information on your destination area; its other appeals, things to do and see, places to stay. You first have to sell the destination, then your particular product.

More sophisticated websites offer more customized information based on different user-defined variables, along with such things as a trip planning function, online booking capability and so on. Here are the kinds of features that are becoming increasingly common with tourism websites:

- ***Downloadable brochure*** in PDF format
- Customized ***presentation of information by user-defined factors*** - their interests, where they live, their language, demographic profile (age, income), the intended season of travel, their previous trip/purchase.
- ***Different pages for different target audiences***, such as tour operators, individual travellers, the media. Separate URLs can also be used to facilitate people in these market segments being led directly to the portion of the site of particular interest to them.
- ***User opt-in registration*** for more information - newsletters, contests, offers, promotions
- ***Trip planning functions***, with suggested itineraries and packages, and also do-it-yourself itineraries and packages. A print-ready mini guide of your itinerary/package can be downloaded and/or printed out. In some cases the user can also register and use an ID to revisit and revise his/her earlier itinerary.
- A ***booking/buying engine*** to enable website visitors to book directly online
- ***Inbound email capability*** for site visitors to use to send a query to the company

- Features to improve the ***ease of navigation*** within the website, including, in addition to a basic sidebar menu, things like:
    - 'first page approach' (no scrolling down required),
    - different entry points to the site based on the user-defined factors, such as their country of residence, language, etc.,
    - site map
    - search function
- A built-in ***content management module*** to facilitate updating information on the website. It avoids the time and cost involved with having the site designer make all the changes to the site, which should not be necessary.
- ***Statistical monitoring*** of website visits and pages viewed

On this last point, an important consideration is getting your website designer to provide your website with a complete analytical system, permitting you to directly download statistical data from the host server.

We strongly recommend you avoid letting the website designer talk you into having a 'splash page' at the front of the website. A splash page is a first page that provides pictures, video and often a soundtrack that you have to click through to enter the website itself. While this may be an aesthetically pleasing introduction to your business, it creates a barrier to search engine maximization and it also is irritating to business people accessing the site, as well as other people wishing to get to the information they want.

A couple of interesting websites that incorporate a number of these features include:
- www.gorp.com (outstanding adventures by destination and by type of experience; a very successful website)
- www.novascotia.com
- www.explorenovascotia.com
- www.travelalberta.com (easy to navigate, good search engine maximization)
- www.colorado.com (good trip planning, customized by travel group composition, interest, region)

Here are a sample of good Nova Scotia websites:

- www.princegeorgehotel.com
- www.halliburton.ns.ca
- www.capebretonresorts.com/inverary.asp
- www.havenside.com
- www.pier21.ca
- www.upperclementspark.com
- www.coastaladventures.com
- www.scottwalking.com

Driving People to the Website

As mentioned, one of the big challenges today is attracting the right visitors to the website. This is accomplished through a number of techniques:

- \The use of traditional marketing techniques to attract attention and direct people to visit the website. All your marketing materials should include reference to the website.

- An easy to remember URL.
- Search engine optimization, through the use of search engine registration, content tags, meta tags, targeted key words and instruction codes to search engines to search all words and all pages. (We suggest you get some help from knowledgeable Internet professionals in this regard.)
- Inbound links (see discussion of this later below)

Attracting People Back to the Website

This involves cookie-based user ID or getting site visitors to register and establish a user log-in for a "remember me on this site" function. Next time they visit they are automatically taken to their previously stored information, such as their customized itinerary.

This is not a feature that a small independent tourism operator will likely use, however, it can be a very effective for larger chain operations, tour operators and destination marketing organizations.

Links

It is useful to develop a link strategy for both inbound (links from other websites) and outbound links (links to other websites). Inbound links should be maximized to the extent possible. Outbound links should be designed to open in a separate window so that the user is returned to the original site once they close out of the linked site.

Partnerships are a key part of tourism market development. Similarly, website links are a critical element of website development. They are merely on-line partnerships that share web visitors between like-minded operators and those offering complementary products and services. As such, a detailed link strategy should be developed and maintained to ensure as many visitors as possible find links to your website.

This often requires a simple request to partner sites through email. Ideally, a graphic should accompany the email in the event the host website would like to add an image or icon of the province highlighting the link. In addition, the website should have a section in the site encouraging links with a download-able image that can be added to other sites. This additional promotion can be achieved at virtually zero cost; it simply requires time and attention on an ongoing basis to increase the exposure in a wide variety of market segments.

If you are listed in the Nova Scotia Doers and Dreamers Guide, you are automatically listed on the provincial tourism website (www.novascotia.com) with a link to your web site. You are required to provide a reciprocal link to back to www.novascotia.com from a primary page on your web site.

To check how well your site is positioned within the Internet, go to Google (www.google.ca) and in the space where you enter the search instructions, type in 'link(single space)(:)(your domain name). Here's an illustration - 'link :www.bobsmotel.com'. This will illustrate all the links to your website. If you have more than 40, you are doing OK; if not, your site needs more search engine optimization.

Database Marketing Linked to the Web

If your organization is a major chain, you should invite your website visitors to register with you in order to capture their contact information and continue with the relationship that has been started. There should be dominant areas within the website to 'opt in' or leave their email information at a minimum, and ideally additional information that would give a profile of the web visitor for future correspondence. This will provide you with a database for future marketing initiatives.

Today privacy laws require you to obtain permission from an individual to solicit business from them through direct marketing; this is referred to as 'Permission-based Marketing'. People that opt-in to receiving more information by registering on the website can be communicated with in future through email broadcasts of special offers, contests, newsletters and the like. (For more information on this issue, see Section 9 on regulations.)

Customer Relationship Marketing

Some websites take this concept to a higher level, by encouraging people to also register their interests and other information about themselves. This additional information can be entered into a database and the individual subsequently solicited with highly customized communications. This is termed ' Customer Relationship Marketing' today or CRM. With this additional information and contemporary database technologies, direct marketing has become a much more powerful marketing technique than it has been formerly. Conversion rates have skyrocketed from the 2% to 3% level traditionally, to 20% and higher on some programs.

Web-Based Advertising

Another marketing option today is to advertise on frequently visited websites hosted by others. Given its cost, it will only be of interest to major players.

Much effort has been spent in the last couple of years promoting and testing the effectiveness of web-based advertising. Many advertisers have experienced poor performance and questionable benefits by promoting their product through banner ads, pop-ups and other forms of web-based advertising on some of the larger sites, such as news-based CNN, Globe & Mail, Canoe, Yahoo, etc. However, a more targeted approach can be tested, based on a pay-for-performance agreement. Again, tracking can be quite specific, and websites can be very targeted, including websites offering travel directions, such as Mapquest, or even online versions of the specialty magazines such as National Geographic Traveler or National Geographic Adventure. This technique is only appropriate for destinations or national/international chain businesses.

Web-Based Tour Operators

All tour operators are embracing the Internet as a marketing tool, of course; however, there are a growing number of web-based tour operators; essentially companies that are functioning as resellers and packagers and using the web as both their marketing medium and reservations system. In other words, they are fully online marketers. Examples include Microsoft's Expedia, Sabre's Travelocity and numerous others. The Canadian versions of these two websites are www.expedia.ca and www.travelocity.ca. The USA versions are .com instead of .ca.

Another is a Canadian company, Travelinx, at www.canadatravel.ca. This company also builds websites and hosts websites for destinations, industry organizations and businesses. They employ their powerful booking engine to provide their clients with a state-of-the-art website with full reservations and transaction capabilities. One of such clients, for example is the Canadian Golf Tourism Alliance at www.canadagolf.com.

These are deserving of attention. In fact, this may offer an optional route to achieving a powerful site at reasonable cost.

Other Key Advertising Activities

Media Advertising

Advertising in traditional media is generally the most expensive element of your marketing plan. Effective advertising requires a clear understanding of the target group, your product strengths, and the available media options within your budget. Advertising can create awareness of your business and encourage consumers to try your product.

If you are going to invest anything more than a small amount of money in advertising, then you should seriously consider obtaining professional assistance from an advertising agency. The agency can help you design your ads, identify the best media to use, buy the media, and generally manage your advertising program.

If your advertising program is too small to make using an advertising agency practical, then there are others who might be able to help:

- Local printer: he or she should have some expertise in ad design and layout;
- A local marketing partner selling a product complementary to yours;
- Your local newspaper, radio station, etc.;
- Your local tourist association coordinator;
- A local art or communications instructor/teacher.

The key point is get help from someone who has expertise in marketing and communications techniques.

There are several types of media advertising and some will work better than others for your product. The basic approach to follow when deciding which media to use is to choose those media that reach your target audience most cost effectively. You will have to do some homework to determine this – contact media representatives and ask them to send you information on such things as audience profiles, market coverage, and circulation.

Don't forget to look at advertising as an investment – not as a one-shot deal. You will not always get noticeable results from one advertisement, so stay away from expensive media if you cannot afford to repeat your advertisement frequently enough to achieve an ongoing awareness.

The main categories of media are: print (newspapers, magazines), outdoor (effective signage), and broadcast (radio and TV). Exhibit 9 summarizes the advantages and disadvantages of each type of advertising media.

Co-op Advertising

Cooperative advertising works on the strength in numbers principle. In general, several organizations (e.g. business, government, associations) with a mutual marketing need will join forces. For example, an area travel association may welcome area operators into sharing the costs of a co-op brochure or a full page ad for the entire destination. This may be effective for you.

Contra Advertising

Contra advertising, or swap advertising, has long been a factor within the tourism sector. Basically, contra involves trading media coverage for some of your product. This is often done for contests, where a resort, for example, gives a free weekend as a prize for a radio contest and receives plugs on the air or actual advertisements at no charge.

Direct Mail

Direct mail, or direct marketing, can be a highly effective method of reaching one's audience. It is measurable, can be personalized, and is flexible. However, if the majority of your customers are from out-of-province, or at least out of your area, it probably has limited potential. It may be useful if you are targeting a highly specialized market and can obtain mailing lists from magazines or other such sources, but will not be particularly valuable for mass-interest products.

For community attractions that have an active membership program, as well as programs and functions targeted at the local/regional resident market, direct mail could be very useful to keep in touch with your members, provide information on programs to segments of the resident market and encourage repeat visitation.

Collateral Material

Collateral material includes all the printed material you use to market your business – the material you distribute to potential customers. The main types of collateral material are brochures, posters, counter displays, and price lists. Brochures are particularly important and should be carefully designed to make sure that they achieve the following goals:

- **Capture Attention**: First you have to draw the consumer's attention. Use the front cover to do this. Use an attractive, lure picture of your product. Since brochures are frequently displayed with only the top part showing, make sure that the top one quarter of your brochure describes the experience you are offering.

- **Develop Interest**: Build interest in what you are offering. This should be done on the second panel with photographs and text describing the appeals of your product. Use pictures of people enjoying your product.

EXHIBIT 9

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
PRINT MEDIA		
Newspapers	• reaches more people than other print media • considered to be a good source of info. on travel facilities and services • can be placed at short notice • relatively low cost • wide selection of editorial, so messages can sometimes go in special sections • printed daily or weekly - can hit the market with frequency • provides an opportunity to be creative • offers an opportunity to use coupons	• large readership, but only a small number of readers will have an interest in any one product • has a short lifespan - often read in a hurry • quality of reproduction is poor • pages are large, so small ads get lost
Magazines	• more selective readership than newspapers • much longer lifespan than newspapers • higher reproduction quality than newspapers	• long lead times and inflexible closing dates. You have to plan far in advance • low market penetration rates - therefore higher costs • circulation seldom tailored to geographic markets
Guides e.g. travel guides, directories, etc.	• highly targeted - may have a low number of readers but they are interested in the subject • listings are sometimes free	• normally long lead times • space may be limited

EXHIBIT 9 continued

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
INTERNET MARKETING		
Website	Extensive reach Affordable Customizable for different audiences Can be kept current day to day Can assist in building a database of prospects Can be linked to a booking engine	• Having people finding it on the Internet is a challenge
Database e-marketing	Better quality of prospects, resulting in higher conversion rate Very affordable Very customizable Easy response	Now requires the permission of the prospect

EXHIBIT 9 continued

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
DIRECT MAIL		
A good mailing list is key - you can buy one, build your own from current and past customers, use phone directories, association lists, etc.	• highly targeted - if you have refined lists, then you can be sure only potential customers receive your mailing • extremely flexible • you can reach people at home or at the office • you can personalize your message • you can measure effectiveness and organize on short notice	• relatively costly • postal service can be unreliable • usually a low response rate - frequently only 1% - 2%
OUTDOOR ADVERTISING		
Includes effective signage, mall poster displays, transit advertising.	• geographic flexibility • message is there 24 hours per day • particularly effective in reinforcing other types of advertising and in attracting pass-through or transient customers • can provide directions to your business as well • relatively long life-span	• availability of outdoor locations is limited • cannot be targeted to any segments other than geographic ones • can communicate only a limited amount of information • works best for firms with well-established reputations

EXHIBIT 9 continued

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
BROADCAST MEDIA		
Radio	• captive audience at any given moment - they will all hear your message • stations have segmented audiences so you can target a group, e.g. young market • very versatile • a live medium - you can do things with this that cannot be done with other media • relatively low cost and fast delivery	• short life span - listeners may miss part or all of the message • poor choice if you need to show a visual image • large number of messages in peak periods - can be disruptive • frequently listened to in the car and can easily be tuned out
Television	• excellent way to convey powerful images • audience is somewhat captive • tremendous reach • can show business in very attractive manner	• many of same disadvantages as radio • expensive - both to purchase the time and produce the commercial
CONTRA ADVERTISING	• in most cases, no money changes hands so this approach does not deplete your cash assets	• the advertising you get is generally in off-peak, poorer periods • it is not necessarily effective if the media being offered is inappropriate to your business
CO-OP ADVERTISING	• economies of scale can provide small organizations with an opportunity to gain exposure in an area of media that would not otherwise be cost effective	• peer pressure can stampede you into going into a venture that is not in your best interest • your exposure may be too small to be noticed if you are in with a large number of bigger operators

- **Create Desire**: Create a desire for the product. Provide enough information for people to decide whether or not they want to visit your attraction. Focus on your competitive advantages and unique selling propositions (USPs).

- **Call to Action**: Turn that interest and desire into action. Your back panel should be a call for action and include - where to find you and how to get there, where to phone to make a reservation or for more information, your address, etc.

Your brochures and other collateral material can be distributed through a number of channels:

- Local visitor information centres: Make sure your local visitor information centre is well supplied with brochures and that the people who work there know all about your product. You may want to bring the travel counsellors to the attraction in the spring so they have first-hand experience with your product.

- Other information centres: You can supply the Department of Tourism, Culture and Heritage Literature Distribution Centre with a stock of your brochures for distribution to provincial information centres and to other local centres. This service is currently provided free of charge. All you have to do is supply the brochures (they have some guidelines about brochures, which you can get from the Tourism Division) and indicate where you would like them distributed.

- Local tourist businesses: Local, noncompeting businesses such as restaurants, gas stations, and, in particular accommodations and campgrounds, should be well-supplied with your brochures. Again, it is important to make sure that these operators, particularly the accommodation operators, are well-acquainted with your business since visitors will frequently ask "what's there to do here". Again, you may want to take these operators on a tour of your attraction and perhaps offer them a commission for any business they send your way.

  You might also arrange with these businesses to display posters and/or counter cards in their lobbies and include your brochures among the in-room information they provide to their customers.

Provincial and Regional Travel Literature

The Province of Nova Scotia, through the Department of Tourism, Culture and Heritage, produces and distributes a variety of travel literature and this material affords an excellent means of reaching potential customers. A major vehicle today is the Nova Scotia tourism website - www.novascotia.com . Basic listings on the website and in the Doer's and Dreamer's Guide are free of charge; for other publications and advertisements there is a charge, depending on the size and type of advertisement you want to place. Even where there is a charge, this is a very cost-effective advertising method, since hundreds of thousands of these publications are produced and distributed widely to people travelling in the province.

Nova Scotia Travel Guide

As an attraction, you may be eligible for a listing in "The Complete Guide for Doers and Dreamers", Nova Scotia's provincial travel guide. The guide includes a listing of eligible attractions within each travel section of the province. An attraction for the purposes of a listing in the Travel Guide is defined as;

- A business, facility or site whose primary purpose is to satisfy the needs of visitors for recreational, educational, scientific, environmental, natural, cultural, historical, or entertainment-related activities;
- Where the sale of goods (if applicable) is clearly secondary; and
- Is open to the public for regularly scheduled hours, at least five days per week.

Eligible attractions include such things as museums, historic sites, theme/amusement attractions, public art galleries, cultural attractions, natural phenomena/points of interest, genealogical/archive libraries, and zoos/wildlife parks/botanical gardens.

If you are listed in the Doer's and Dreamer's guide, you also automatically have a listing on the provincial website. You may also purchase advertising space in the guide. One thing to remember about this guide is that the deadlines for material are very early - currently July 1st for the next year's publications. Check out the Opportunities section of the Nova Scotia Tourism Partnership Council's website (www.nstpc.com) for details on provincial travel guide and on other marketing partnership opportunities available to you.

Regional Tourism Guides and Websites

The regional tourism associations also have websites and produce travel guides for each region of the province. You should definitely become a member of the RTIA in your area and take advantage of the marketing partnerships they offer that fit with your strategy.

Sales Promotion

Sales promotion is often confused with advertising, and with the term "promotion" generally. Essentially, sales promotion covers promotional activities other than personal selling and advertising. Properly planned, promotions can increase the awareness of your business, attract new customers, and keep existing customers coming back.

Promotions include the following types of activities:

Coupons offering a saving or some other special benefit in buying a product: These can be attached to an ad or distributed separately. For example, you may want to have a staff member stand in high traffic locations in your community and distribute coupons offering 10% off your price.

Contests and prizes that draw attention to a product: If you run a contest, you will almost certainly have to support it with advertising that lets people know about the contest.

Special, limited-time offers, such as temporary price reductions, "free" items with a purchase and so on; generally used to encourage purchase in off-peak periods.

Gifts and novelties, usually carrying the name of the business to draw attention to it;

Exhibits, displays or information booths in public locations and at events;

Special events staged, hosted or sponsored by the attraction;

The purpose of sales promotion, like advertising, is to attract attention to the product and generate sales.

If you are introducing a new attraction to the marketplace, you might want to offer introductory discounts or coupons to encourage visitors to try the facility. Contests, special gifts and sales incentive programs are usually more appropriate for established products.

If you distribute gifts, make sure you tie them in with the attraction, and make sure they are in good taste and in line with your attraction image.

Public Relations and Publicity

Public relations and publicity can keep your business in the public eye without your having to pay for advertising. To that extent it is free, so it can be highly cost effective. However, good publicity doesn't just happen, it has to be carefully planned, and it must fit in with your other promotional activities. You can get publicity in the media by making yourself available for interviews or establishing yourself as the local expert on some topic related to your business. You can also stage news events and issue press releases.

Signage

It is important to have good signage for your business, not only to tell potential customers about your business but also to help them find you. Signage on provincial highways is governed by the Department of Transportation and Public Works and was discussed earlier in Section 9.

Whatever signs you put up must be of good quality. Small, falling-down, hand-lettered, and hard-to-read signage does not suggest a quality operation to the potential customer. Search out a local artist or sign maker to design and build some quality signs for your business. Make sure that the signs are big enough for travellers driving along the highway to read them. Remember, they are probably driving at 70 - 80 km an hour, which means they won't have a lot of time to take in much information on the sign. Make sure that whatever you put on the sign is brief and informative. Be careful not to put on information that might change, such as your operating hours or the prices, unless on a panel which can be easily replaced with new information.

Packaging and Programming

Packaging

Packaging can be defined as the presentation, as a unit, of a number of products and services that would normally be purchased separately but which, in a package, are offered as a single product at a single price, preferably at a lower price than the individual could obtain on their own. Basically, the concept is to provide a comprehensive experience for customers, including all the many tourist services they will require.

Packaging has become an integral part of tourism marketing in recent years, since it generates significant benefits for the tourist operator as well as the customer. Packaging usually offers better value as compared to independent travel, makes it more convenient for the customer to buy the tourism product (one-stop shopping), and improves the appeal of the overall travel experience, since the trip-planning homework is done by those who presumably know the product well. It also provides customers with a measure of quality assurance and security.

Successful packages are those that offer unique, appealing experiences for purchasers, and good value. Tourism today is very much an experiential business, and a well-designed package has the marketing advantage of being built around outstanding experiences.

There are publications available which provide details on how to package, and seminars on this topic are offered from time to time around the province. If you are planning on putting together some packages, we strongly recommend that you access some of these resources since developing successful, profitable packages can be challenging.

Programming

Programming is generally defined as the enhancement of a single tourism product or service through the introduction of some added activity for entertainment. For example, it may mean adding a special event to your attraction on a weekly basis, or bringing in some entertainment each day during the peak season. The idea is to appeal to new customers who might not otherwise be interested in your product.

As we've already discussed, special programming can be particularly effective in building business in the shoulder season.

11.3 Working with the Travel Trade

Travel Trade Structure

There are several types of travel trade players, the main ones being tour operators, travel agencies and receptive/inbound operators. There are also a few other types of businesses that will be of interest to an attractions business in its marketing efforts.

Tour Operators

Tour operators develop, market, and operate packages as their primary business. There are a number of types of tour operator, the most common types being the escorted group motorcoach tour operator, the independent package (FIT) operator, the special interest/activity packager/operator, and the holiday destination packager.

Sometimes tour operators are referred to as outbound operators to distinguish them from the inbound, or receptive, tour operators.

Some tour operators develop, market and operate all of their own packages whereas others retain an inbound/receptive operator to develop and/or operate their packages. It is this segment of the tour operator market that you are interested in as potential partners.

Travel Agencies

Travel agencies are retailers of travel products who book travel arrangements on behalf of individuals and businesses, earning a commission from the travel-product supplier in the process. They retail all types of travel trade packages and often develop and sell their own packages as well.

Often their own packages are one-offs, developed on behalf of a particular client or group, but some travel agents also develop packages for sale to the general public. Common types of the latter packages include: a package developed for local consumers to attend a special event in another city, a package in connection with a cruise or rail trip, or a package of services to supplement a tour operator's package. (For example, the travel agency will add air travel to a tour package to transport their local clients to the departure point for the tour.)

Receptive and Inbound Tour Operators

The receptive operator specializes in the destination and provides services to outbound tour operators, including trip planning for that destination, negotiating services and rates with suppliers, providing local guides and tours and so on. The outbound tour operator essentially sub-contracts services related to delivering the tour program at the destination. The receptive operator is normally located in the destination region in question. There are several in Nova Scotia.

The inbound operator is a tour operator that develops and sells its own tours. Unlike the outbound operator and like the receptive operator, they are located in the destination and specialize in tours to that destination. Such operators normally provide receptive services as well, which is the case with the various inbound operators in Atlantic Canada.

Incentive Travel Wholesalers

This is a distinctive sector of the market which specializes in premium and incentive travel reward programs that it develops and manages on behalf of its clients, both on a group and individual basis. Like tour operators, incentive travel wholesalers sometimes retain an inbound/receptive operator to make and coordinate all the ground arrangements for their group at a particular destination.

Convention/Meeting Planners (Destination Management Companies or DMCs)

This is another specialized sector of the market which arranges and coordinates meetings, conferences, and conventions. Convention/meeting planners sometimes hire a receptive operator to put together a special program for them or a tour for spouses.

Group Leaders

Group leaders are individuals who organize group trips on behalf of an organization to which they belong. They act as an intermediary between the group and the travel agent and/or tour operator, usually receiving free or discounted travel for themselves. Group leaders are most commonly found planning group travel for seniors.

Sometimes the group leaders themselves organize the trip; in other cases, they may contract with a tour operator or a receptive operator to make the arrangements.

Destination Marketing Organizations (DMOs)

Another potential partner that can be very important to your business is the destination marketing organization in your area. These are often referred to as DMOs. These organizations have a stake in the success of the product or package and may be willing to participate in cooperative marketing efforts with you.

Destination marketing organizations include Chambers of Commerce, visitor and convention bureaus, government tourism departments, and other such organizations which undertake marketing activities on behalf of a community or destination area. In Nova Scotia, the provincial DMO, or 'PMO', is the Tourism Division, Department of Tourism, Culture and Heritage. This Division works closely with the Nova Scotia Tourism Partnership Council in developing and implementing marketing programs for the province. They invite members of the tourism industry to participate in various cooperative marketing efforts. It is important for you to maximize your involvement in these efforts.

What Does the Travel Trade Expect From You?

Generally speaking, tour operators are looking for the following kinds of things from their suppliers:

- Quality facilities, services and programs at good value prices;
- Consistently friendly service;
- A high standard of cleanliness and state of repair;
- Easy access for seniors;
- Special programming and services for tour customers such as reserved seating or a special host to greet the group;
- A travel trade culture, consisting of:
  - an appreciation by management of the business coming from tours;
  - a willingness by both management and staff to give the best service to groups;
  - an understanding and acceptance of established travel trade commissions and discount structures;
  - honouring commitments made;
  - appropriate policies with respect to block bookings (releases not required until the last 15 or 30 days), deposits (none, please!), acceptance of vouchers, appropriate invoicing procedures, etc.

Schedule group tour operators, who are the larger volume operators, make their tour arrangements about 12 to 18 months in advance. Don't expect, therefore, to start promoting your tour to tour operators in November and get any business for the following season. It will probably take two to three years for you to develop this business to any significant extent, and this assumes that you meet all of the criteria described above.

Net Rates and Commissions and Other Terms of Trade

If you are going to work with the travel trade, you will have to provide the appropriate discount and commission structure; 'net rate discounts' for tour operators and commissions for travel agencies. This is probably the most important factor of all. In fact, it is a sure disqualifier if you can't meet their requirements. Wholesalers want net prices (discounts); travel agents are looking for commissions.

You should establish a tiered discount and commission structure, with the largest discounts going to the destination specialist receptive operator and scheduled tour operator, and the smallest discount to the group leader or affinity group. Some suggested guidelines on discounts are presented in the table below.

GUIDELINES ON COMMISSIONS AND DISCOUNTS

Travel Trade Wholesale Discounts (reduction from retail prices)	
Series Tour Operators	20% - 40%
Local Receptive Operator	25% - 45%
Group Leader/Affinity Groups	5% - 10%
Custom Tour Operators	20%
Travel Agent Commission on Individual Bookings	10%
Check In Bookings	10%
Consumer Discounts:	
Shoulder and Off-Season	10% - 30%
Credit Card Discounts	1.5% - 4.5%

In addition, you will need to meet their expectations with respect to the following key matters:

- Capacity to handle groups
- Special services for groups
- Willingness to provide block bookings across the full tourism season
- Having a senior person to function as travel trade coordinator
- Having your reservations service open year-round

Marketing to the Travel Trade

The key techniques for marketing your product to the travel trade are as follows:

- Collaboration with your PMOs and DMOs
- Personal Direct Sales;
- Marketplaces;
- Familiarization Tours (FAMs);

- Advertisements in Travel Trade Publications;
- Direct Mail;
- Customized collateral materials
- Website

Working with PMOs and DMOs

One of the most important things you can do to market to the travel trade is work closely with the provincial Department of Tourism, Culture and Heritage. They are an excellent source of information and can provide pre-screened lists of tour operators who have Nova Scotia product. They also establish relationships with these tour operators and are a key source of itinerary planning information for them.

The same is true with the city and regional DMOs, although perhaps not to the same degree as their travel trade marketing efforts are generally more limited.

Direct Sales

Ultimately, the most effective way to develop a partnership with a tour operator is through direct, personal selling opportunities, including sales calls. But this is also among the most expensive forms of selling. In most cases this won't be your first activity; rather, it makes more sense to make initial contact through your PMO or DMO, or at a marketplace, then follow-up with direct selling.

It is important, therefore, to qualify prospects carefully. You should select tour operators and members of the travel trade who operate tours or packages to Nova Scotia. You can get this information from scanning their brochures and talking to other product suppliers in your area who deal with them.

Determine the appropriate person to see (the person who plans new programs, not just the person who handles the buying) and make an appointment. A personalized letter with some advance information on your product might help convince the prospect to see you.

Study the operator's product mix, market positioning, and USPs (unique selling propositions) before meeting them and focus your presentation on how your products and services might fit into their program and what advantages you have to offer their tour program.

Make sure that your sales representative knows your products and destination intimately and that they have the authority to negotiate and make decisions. If the prospect is a major one, it is better to have a member of management accompany your representative or make the call themselves.

In any event, your sales representative should have the following skills:

- Detailed product and destination knowledge;
- A full understanding of the market position and products of the targeted tour operator;
- A full understanding of the unique appeals and competitive advantages of your products and services;

- Strong communications and negotiating skills;
- A high level of commitment to customer service.

Telemarketing is not an effective way to solicit business from tour operators. Your unsolicited intrusion will be resented. Use the telephone to identify the person in the organization you should see and to make an appointment, nothing more.

Marketplaces

The most effective way of making the initial direct contact with a tour operator is likely be at a travel trade marketplace.

Membership in one or more trade associations and attendance at their marketplaces can provide excellent networking and one-on-one selling opportunities. The major tour operator marketplaces are;

- National Tour Association (NTA) annual meeting and marketplace;
- The ABA (American Bus Association) annual meeting and marketplace;
- The Ontario Motorcoach Association (OMCA) marketplace;
- United States Tour Operators Association (USTOA) annual conference and marketplace;
- Rendez-vous Canada, which includes European tour operators as well as the US travel trade;
- Atlantic Canada Showcase, where Atlantic Canada suppliers exhibit their products to buyers from outside the region.

Don't attend marketplaces unprepared. Make sure you have pre-identified the key prospects and request appointments with them. And don't forget to follow-up your contacts after the show.

It can take a couple of shows before you really get to know your way around, find out who the players are, and determine who are the best prospects for your product.

It will be important to be part of 'Team Nova Scotia' at the marketplace by working with the trade sales team from the Province and the RTIAs as well. They might also sponsor a special event, meal or promotion in which you can participate.

Familiarization Tours (FAM Trips)

The most effective way of motivating a wholesaler to add your tour program is to get them to try it out. FAM trips are an effective means of achieving this, as it is a principle among serious and successful operators that it is essential to check out a destination, an experience, or a property first-hand before adding it to their product mix.

It is much better to provide a customized, personal FAM tour for a major tour operator prospect, rather than put several of them together or add them to a travel agent's FAM. It is most important that they have an opportunity to meet privately with the product suppliers to discuss negotiable items.

Direct Mail/Email

Direct mail/email is only fully effective if mailings are undertaken in support of other, more focussed marketing activities. Like travel agents, wholesalers receive a flood of literature daily, and most of it is thrown out. Mailings should be customized for the specific operator and personalized to a specific, pre-qualified person in the organization. Your mailing should include:

- A covering letter, customized to the individual involved - use a P.S. to attract attention to key points;
- An information sheet containing the technical information required by the operator;
- A brochure;
- A response mechanism, such as a mailback card for more information (which can help in qualifying prospects for follow-up efforts).

Make sure that you follow-up your mailing with a telephone call or email to see if there is any interest in your services or if the tour operator requires more information.

Advertisements in Travel Trade Publications

If you are a larger operator, it can be worthwhile to advertise your product in one or more targeted travel trade publications. The travel trade is usually diligent in reading these publications to keep abreast of new product opportunities and the activities of competitors. Relevant information from them is routinely circulated within companies.

Suggestions include NTA's Courier, ABA's Destinations and the National Motorcoach Network's Byways, as well as the leading travel trade weekly newsletter-style publications distributed to travel agents.

You may find it more cost effective to work through your destination marketing organization, as part of a program of joint destination awareness/travel product co-op advertising.

Website

It will be important to have one or more pages on your website designed for tour operators, summarizing the highlights of your offer to tour operators along with confirmation that you are prepared to meet the normal terms of trade in dealing with them. Key information would include:

- Highlights of the visitor experience
- A map showing your location and communities and other attractions nearby
- Season and hours of operation
- Capacity to handle groups
- Services for groups
- Regular prices along with acknowledgement of your willingness to provide 'tour operator net rates
- Confirmation of your willingness to meet tour operator expectations with respect to block bookings and etc.
- Contact information for your travel trade coordinator

Customized Collateral Material

The same information should be available in hard copy, in colour in a one-page collateral piece suitable for use at marketplaces and sales call. Keep it brief: tour operators don't want more paper than they absolutely need.

Having said that, some operators upon entering into an arrangement with you may desire more information for briefing their reservations and sales staff. For this purpose, you should develop a Tour Kit. It should include:

- Copies of your consumer brochure;
- Descriptions of the different types of programs you offer;
- For each package, a concise description of the package elements, the pricing, any extras, departure dates, locations, etc.;
- Slides of the products so that the tour operator can incorporate pictures in to their brochures;
- Your booking and cancellation policies and procedures.

11.4 Measurement

Your Marketing Plan must be continually monitored and reevaluated.

A number of methods may be employed to monitor your plan:

- Track advertising effectiveness. For example, how many coupons were returned? How many people visited your attraction because of your ad in the regional travel guide?

- Constantly read guest comment cards or use other research tools to determine levels of consumer satisfaction.

- Keep abreast of your financial reports Watch for fluctuations in the number of visitors, average rates, menu items sold, inventories, etc.

11.5 Market Research

Marketing research should be considered when you have questions that need answering and when the cost of making a mistake is high. Research is simply the assembly and evaluation of information.

The vast majority of marketing research problems can be reduced to some variation of four basic questions:

PEOPLE:	How big is the market? Who should my target groups be? What do they look like?
PRODUCT:	Am I competitive? What do my target markets want?
PROMOTION:	What should I say? When, where, and how often should I say it? Is what I have been saying being heard, believed, and acted upon?
PRICE:	What should I charge?

If you are going to do market research, you need to define the problem clearly. What is the purpose of your research? What are the benefits which will be derived and how will you use the information in your business or marketing planning? Then you need to identify what information you already have available before deciding what else you need to collect and what are the best ways of obtaining the information you need. There are a variety of market research methods you can use depending on whom you want to survey and what information you require.

Guest Surveys

You can survey your visitors while they are at your attraction or after they have left. Options include:

- Interviews: Either in person while they are at your attraction or by email or on the telephone afterwards.
- Questionnaires: Can be completed by guests before they leave or given to them to be mailed back (it is a good idea to give them pre-stamped envelopes), or questionnaires can be e-mailed or mailed out later.
- Comment cards: Same as questionnaires, but only useful if you are looking for a minimal amount of information.

Guest surveys have a built-in bias, in that the only people who respond are your existing customers. If you are trying to determine their reaction to your attraction, the type and quality of service you are providing, or some changes you are planning, then this is the best research method. However, if you are trying to determine the level of interest in your product in the marketplace or why consumers are not visiting the attraction, then you have to use another method.

Consumer Surveys

Here you are surveying the wider consumer market, most of whom are not clients of your business. The challenge with this method is to identify whom you should survey and the best way to survey them. Various options are available, as outlined below. You should probably seriously consider retaining a professional survey company if you want to do this kind of research.

- Mail Survey: Mail out questionnaires to a selected list of consumers. You will have to first build a list. You could select names randomly from the phone book or purchase a list from an organization. The response rate for mail-out questionnaires tends to be fairly low (less than 10%), unless you are surveying a highly targeted list, on a topic in which they are interested.
- Telephone Survey: This approach is widely used as a survey technique. Potential respondents are randomly selected from the phone book and then called to request their cooperation in completing the survey. Telephone interviews are limited in the amount of time/information that may be secured and the type of information that can be tested. For example, you cannot test a new visual advertisement this way. Telephone surveys are more expensive than mail surveys.

- Face-to-Face Interviews: Research companies interview people in their homes, places of business, within shopping malls, and on public roads. In-person interviews offer an opportunity to show people products, ads, and other visual materials. This approach is very expensive because of the large amount of time required.

- Focus Groups: These provide another face-to-face encounter technique. The focus group is, in reality, a controlled multi-person interview. A moderator conducts a group discussion with 10 to 12 people. The focus group allows for the presentation of visual material and for sampling ideas and products. Focus groups are a good way of testing hypotheses but offer limited output and cannot be considered statistically valid.

Up to now, we have offered comments on methods used to secure information on consumers. In addition, you should look at broader market questions and keep tabs on the competitive environment, and the market place in general.

Competitive Research

Your competitors are often a good source of advice on how you are doing. Is your parking lot full while the operation's across the road is empty? Or is the situation reversed?

Is your competitor spending more money than you on advertising? Why? What is he or she promoting? What about prices? What about special deals? Is your competitor advertising for new staff? Is he or she paying more?

The implication of these comments is clear. Keep abreast of what your competitors are up to!

Trends Data

Be aware of trends in the market place. Read trade journals and articles. Join associations and attend meetings periodically.

You will no doubt be very busy running your attraction and have many demands on your time. Manage your reading and media consumption in such a way that you become conversant with trends and changes that will affect your industry and your operation.

11.6 Pre-opening Activities

The opening of your attraction for the first time is a major event for you, but it's also a newsworthy event in the community and you should take maximum advantage of the public relations and publicity opportunities. You want to get public awareness of your existence as quickly as possible. You can also use the opening to thank all your community supporters who have helped in the development of your attraction, and create a sense of accomplishment within the community Some suggestions follow:

- Prepare a press kit when you're almost ready to open, including pictures and an article on the unique and newsworthy aspects of your business. Distribute it to the local media.

- Host a reception for the managers, but also for the front line staff of your tourism partners in the community – hotels, restaurants, etc. Give them a brief tour or presentation.

- Stage some special promotions and events to draw public and media attention to your new venture and its appeals.

- Hold a special opening event for all your supporters, donors (if you have had a community fundraising event) sponsors, etc.

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APPENDIX I

List of Contacts

APPENDIX I

LIST OF CONTACTS

Tourism Division - Tourism Development
Department of Tourism, Culture and Heritage
1800 Argyle Street, 6th floor
Halifax, NS
B3J 2R5
Tel: 424-5000
Fax: 424-0629
Website: www.gov.ns.ca/dtc

Tourism Division - Tourism Marketing
Department of Tourism, Culture and Heritage
1800 Argyle Street, 6th Floor
Halifax, NS
B3J 2R5
Tel 424-5000
Fax: 424-2668
Website: www.gov.ns.ca/dtc

The Nova Scotia Tourism Partnership Council
World Trade and Convention Centre
Suite 603, 1800 Argyle Street
Halifax, Nova Scotia
B3J 3N8
Tel: 424-0048
Fax: 424-0723
Website: www.nstpc.com

Service Nova Scotia & Municipal Relations
Access Nova Scotia
Toll free: Throughout Province:
1-800-670-4357
Website: https://www.gov.ns.ca/snsmr
One-stop shopping for government programs and services. Maintain database of contacts for government departments in each region regarding appropriate permits, etc. Also contact for new Nova Scotia Business Registry.

Regional Access Nova Scotia Offices:

Access Nova Scotia - Amherst
Superstore Mall
126 South Albion St.
Amherst, NS B4H 2X3

Access Nova Scotia - Antigonish
20 St. Andrew's St.
Antigonish, NS B2G 2L4

Access Nova Scotia - Bridgewater
77 Dufferin Street
Bridgewater, NS B4V 2W8
Tel: 1-800-670-4357

Access Nova Scotia - Halifax
West End Mall
6960 Mumford Rd.
Halifax, NS B3L 4P1

Access Nova Scotia - Kentville
28 Aberdeen Street
Kentville, NS B4N 2N1
Tel:1-800-670-4357

Regional Access Nova Scotia Offices (Cont'd):

Access Nova Scotia - Port Hawkesbury
218 MacSween St., Ste. 22
Provincial Building
Port Hawkesbury, NS

Access Nova Scotia - Sydney
Moxham Centre
380 King's Rd.
Sydney, NS B1S 1A8

Access Nova Scotia - Truro
35 Commercial Street, Suite 101
Truro, NS B2N 3H9

Access Nova Scotia - Halifax
West End Mall
6960 Mumford Road
Halifax, Nova Scotia
B3L 4P1

Access Nova Scotia - Dartmouth
Superstore Mall
650 Portland Street
Dartmouth, NS B2W 6A3

Access Nova Scotia - Yarmouth
Provincial Bldg.,
10 Starrs Rd., Ste. 127
Yarmouth, NS B5A 2T1

Canada/Nova Scotia
Business Service Centre
1575 Brunswick Street
Halifax, NS
B3J 2G1
Tel: 426-8604
Fax: 426-6530
Toll free: 1-800-668-1010
Information on federal and provincial government programs and funding assistance under the Community Business Loan Program.

Nova Scotia House of Assembly- Office of Legislative Council
Website: www.gov.ns.ca/legislature/legc/
Statutes of Nova Scotia

Government Departments

Federal Government

Atlantic Canada Opportunities Agency (ACOA)
1801 Hollis St., Suite 600
P.O. Box 2284, Station M
Halifax, NS B3J 3C8
Tel: 426-6743
Fax: 426-2054
Toll free: 1-800-565-1228
Website: www.acoa-apeca.gc.ca

Business Development Bank of Canada
Cogswell Tower - Scotia Square, Suite 1400
Halifax, NS B3J 2Z7
Tel: (902) 426-7850
Fax: (902) 426-6783
Toll free: 1-888-463-6232
Website: www.bdc.ca

Canadian Tourism Commission (CTC)
55 Metcalfe Street, Suite 600
Ottawa, ON
K1P 6L5
Tel: 613-946-1000
Website: www.canadatourism.com

Canada Revenue Agency
Business Services
Website: http://www.cra-arc.gc.ca
Payroll, GST/HST
Business Account Registration
Corporations (taxation)
Sole Proprietorships/Partnerships

Canada Revenue Agency
Tax Services Offices:
Halifax
Ralston Building
1557 Hollis St.
P.O. Box 638
Halifax, NS B3J 2T5
Fax: (902) 426-7170

Sydney
47 Dorchester St.
P.O. Box 1300
Sydney, NS B1P 6K3
Fax: (902) 564-3095

Enterprise Cape Breton Corporation
Commerce Tower, 3rd floor
15 Dorchester St.
Sydney, NS B1P 6T7
Tel: 564-3600
Fax: 564-3825
Toll free: 1-800-705-3926
Website: www.ecbc.ca

Fisheries and Oceans Canada (Maritimes)
P.O. Box 1035
Dartmouth, NS B2Y 4T3
Tel: (902) 426-3760
Fax: (902) 426-5995
Website: www.dfo-mpo.gc.ca

Industry Canada
Corporations Directorate
365 Laurier Avenue West, 9th floor
Jean Edmonds Tower South
Ottawa, ON
K1A 0C8
Tel: 1-866-333-5556
Fax: (613) 941-0601
Website: www.corporationscanada.ic.gc.ca

Industry Canada
Competition Bureau
50 Victoria St.
Gatineau, PQ
K1A OC9
Tel: 1-800-348-5358
Fax: (819) 997-4282
Website: http://cb-bc.gc.ca

Industry Canada
NUANS Search System
C/O NUANS Administrator
Hewlett-Packard Canada
P.O. Box 13000
100 Herberg Rd.
Kanata, ON
K2K 2A6
Website: www.nuans.com

Office of the Privacy Commissioner of Canada
112 Kent St.
Place de Ville, Tower B - 3rd floor
Ottawa, ON K1A 1H3
Toll free: 1-800-282-1376
Tel: (613) 995-8210
Fax: (613) 947-6850
Website: www.privcom.gc.ca
Personal Information & Protection of Electronic Documents Act

Statistics Canada (Atlantic Office)
1741 Brunswick Street
Box 11, 2nd Floor
Halifax, NS B3J 3X8
Toll free: 1-800-263-1136
Website: www.statcan.ca
Population data, Canadian Travel Survey, International Travel Survey.

Transport Canada, Marine Safety
Tower C, Place de Ville
330 Sparks St.
Ottawa, ON
K1A 0N8
Tel: (613) 990-2309
Website: www.tc.gc.ca/marinesafety
Navigable Waters Protection Program
Office of Boating Safety

Transport Canada (Atlantic Region)

Dartmouth:
P.O. Box 1013
45 Alderney Drive
Dartmouth, NS B2Y 4K2
Tel: 426-7795

Port Hawkesbury:
811 Reeves St.
Shediac Plaza
P.O. Box 2012
Port Hawkesbury, NS B0E 2V0
Tel: (902) 625-0803

Sydney:
196 George St.
Federal Arts Bldg., 2nd floor
Sydney, NS B1P 1J3
Tel: (902) 564-7002

Yarmouth:
248 Pleasant St.
P.O. Box 850
Yarmouth, NS B5A 4K5
Tel: (902) 742-6860
Website: www.tc.gc.ca/atl/

St. John Ambulance Training Offices
Headquarters for Nova Scotia Council
88 Slayter Street
Dartmouth, NS B3A 2A6
Tel: 463-5646
Fax: 469-9609
Website: www.stjohnambulance.ns.ca

Canadian Red Cross
1940 Gottingen Street
Halifax, NS B3J 3Y2
Tel: (902) 423-3680
Fax: (902) 422-6247
Website: www.redcross.ca
First Aid, Water Safety courses.

Provincial Government

Nova Scotia Department of Agriculture & Fisheries - Food Safety Section (Halifax)
PO Box 2223
Halifax, NS
B3J 3C4
Tel: (902) 424-1173
Fax: (902) 424-3948
Website: www.gov.ns.ca/nsaf

Nova Scotia Department of Agriculture & Fisheries - Food Safety Section (Truro)
P.O. Box 550
Truro, NS
B2N 5E3
Tel: (902) 893-7473
Fax: (902) 893-6531
Website: www.gov.ns.ca/nsaf

Nova Scotia Department of Natural Resources
P.O. Box 698
Halifax, NS
B3J 2T9
Tel: 424-5935
Fax: 424-7735
Website: www.gov.ns.ca/natr

Service Nova Scotia & Municipal Relations
1505 Barrington St., 9th Floor, South
PO Box 2271
Halifax, NS
B3J 3C8
Tel: 424-5528
Fax: 424-1298
Website: www.gov.ns.ca/snsmr

Nova Scotia Department of Environment & Labour
5151 Terminal Road
PO Box 2107
Halifax, NS
B3J 3B7
Tel: 424-5300
Fax: 424-0503
Website: www.gov.ns.ca/enla/
Public Safety Division
Occupational Health & Safety Division

Nova Scotia Office of Economic Development
P.O. Box 2311
14th floor South, Maritime Centre
1505 Barrington St.
Halifax, NS
B3J 3C8
Tel: (902) 424-0377
Fax: (902) 424-7008
Website: www.gov.ns.ca/econ

Nova Scotia Human Rights Commission (Central Office):
1690 Hollis St., 6th floor
P.O. Box 2221
Halifax, NS B3J 3C4
Tel: 1-877-269-7699
TTY: (902) 424-3139
Fax: 424-0596
Website: www.gov.ns.ca/humanrights

Nova Scotia Labour Standards
5151 Terminal Road, 7th floor
P.O. Box 697
Halifax, NS
B3J 2T8
Tel: 1-888-315-0110
Fax: 424-0648
Website: www.gov.ns.ca/enla/labstand

Nova Scotia Alcohol and Gaming Authority
40 Alderney Dr.
P.O. Box 545
Dartmouth, NS B2Y 3Y8
Tel: 424-6160
Fax: 424-4942
Website: www.gov.ns.ca/aga

Nova Scotia Utility and Review Board
Motor Carrier Division
1601 Lower Water Street, Suite 300
P.O. Box 1692
Halifax, NS
B3J 3P6
Tel: (902) 424-3588
Fax: (902) 424-3919
Website: http://www.nsuarb.ca

Nova Scotia Workers Compensation Board
Main Office (Halifax)
5668 South Street
P.O. Box 1150
Halifax, NS
B3J 2Y2
Tel: 1-800-870-3331 (Halifax)
Website: www.wcb.ns.ca

Nova Scotia Workers Compensation Board
Branch Office (Sydney)
336 Kings Rd., Suite 117
Sydney, NS
B1S 1A9
Tel: 1-800-880-0003
Website: www.wcb.ns.ca

Office of the Fire Marshal
Nova Scotia Environment & Labour
5151 Terminal Rd., 6th Floor
P.O. Box 697
Halifax, NS
B3J 2T8
Tel: 1-800-559-3473
Fax: (902) 424-3239
Website: www.gov.ns.ca/enla/ofm

Nova Scotia Transportation & Public Works
1672 Granville St.
PO Box 186
Halifax, NS B3J 2N2
Tel: 424-2297
Fax: 424-0532
Website: www.gov.ns.ca/tran

Provincial Tax Commission
P.O. Box 755
1505 Barrington St.,
8th floor, Maritime Centre
Halifax, NS B3J 2V4
Toll free: 1-800-565-2336
Tel: 424-6300
Fax: 424-0602
Web: www.gov.ns.ca/snsmr/taxcomm

Nova Scotia Registry of Joint Stock Companies
PO Box 1529
Halifax, NS
B3J 2Y4
Tel: 1-800-225-8227
Fax:(902) 424-4633
Website: www.gov.ns.ca/snsmr/rjsc
Registration of company and NUANS search of business name.

Nova Scotia Museum
Website: www. museum.gov.ns.ca

Educational/Training Resources

Cape Breton University
P.O. Box 5300
1250 Grand Lake Road
Sydney, NS B1P 6L2
Toll Free: 1-888-959-9995
Tel: 539-5300
Fax: 562-0119
Website: www.capebretonu.ca

Dalhousie University
Henry Hicks Academic Administration Building
6299 South St.
Halifax, NS B3H 4H6
Tel: 494-2211
Registrar's Office:
Tel: (902) 494-2450
Fax: (902) 494-1630
Website: www.dal.ca

Mount St. Vincent University (MSVU)
166 Bedford Highway
Halifax, NS B3M 2J6
Tel: (902) 457-6117
Fax: (902) 457-6498
Website: www.msvu.ca

Nova Scotia Community College (NSCC)
Admissions
P.O. Box 220
Halifax, NS B3J 2M4
Tel: (902) 491-4911
Toll Free: 1-866-679-6722
Fax: 424-0717
Toll Free:1-866-329-6722
Website: www.nscc.ns.ca

Saint Mary's University
923 Robie Street
Halifax, NS B3H 3C3
Tel:(902) 420-5400
Website: www.stmarys.ca

Nova Scotia Tourism Human Resource Council
1099 Marginal Road, Suite 201
Halifax, NS B3H 4P7
Tel: (902) 423-4480
Fax: (902) 422-0184
Website: www.tourismhrc.com

INDUSTRY ORGANIZATIONS/ SECTOR ASSOCIATIONS

National & International Organizations/ Associations

Canadian Association of Foodservice Professionals
1644 Bayview Ave., Ste.1219
Toronto, ON M4G 3C2
Tel: (416) 422-3431
Fax: (416) 421-1598
Website: www.cfsea.com

Canadian Culinary Federation (CCF)
700-1281West Georgia St.
Vancouver, BC V6E 3J7
Tel: (604) 681-6087
Fax: (604) 688-5749
Website: www.ccfcc.ca

Canadian Restaurant and Foodservices Association (CRFA) - Atlantic Office
5121 Sackville St., Ste. 201
Halifax, NS B3J 1K1
Tel: (902) 425-0061
Fax: (902) 422-1161
Website: www.crfa.ca

Tourism Industry Association of Canada (TIAC)
803-130 Albert Street
Ottawa, ON
K1P 5G4
Tel: 613-238-3883
Fax: 613-238-3878
Website: www.tiac-aitc.ca/

Provincial Sector Organizations/ Associations

Tourism Industry Association of Nova Scotia (TIANS)
1099 Marginal Road, Suite 201
Halifax, NS
B3H 4P7
Tel: (902) 423-4480
Fax: (902) 422-0184
Website: www.tians.org

Affiliated Associations
(Same address, phone & fax as TIANS)

Campground Owners Association of Nova Scotia (COANS)

Nova Scotia Adventure Tourism Association

Nova Scotia B&B Association

Other Industry Organizations/Associations

Canada Select (Nova Scotia)
1800 Argyle St., Ste. 603
Halifax, NS B3J 2R7
Tel: (902) 424-8929
Fax: (902) 424-0723
Website: www.canadaselect.com

Check In Nova Scotia
2695 Dutch Village Road, Suite 501
Halifax, NS B3L 4V2
Tel: 425-5781
Toll free: 1-800-565-0000
Website: www.checkinnovascotia.com
Nova Scotia Travel Information and Reservations.

Federation of Nova Scotian Heritage
1113 Marginal Rd.
Halifax, NS B3H 4P7
Tel: (902) 423-4677
Toll free: 1-800-355-6873
Fax: 422-0881
Website: www.fnsh.ns.ca

Hotel Association of Nova Scotia (HANS)
P.O. Box 473, Station M
Halifax, NS B3J 2P8
Website: www.novascotiahotels.ca

Nova Scotia Association of Chefs & Cooks
Howe Hall, 6230 Coburg Road
Halifax, NS
Tel: 494-1262

Nova Scotia Restaurant Association
1161 Hollis Street
VIA Rail Station
Halifax, NS B3H 2P6
Tel: 429-5343
Fax: 429-0659

Taste of Nova Scotia
P.O. Box 368
29 Inglis Place, 2nd Floor
Truro, NS B2N 5L5
Tel: 895-3315
Fax 895-1011

Nova Scotia Association of Unique Country Inns
Website: www.uniquecountryinns.com

Regional Tourism Industry Associations

Antigonish/Eastern Shore Tourist Association (AESTA)
RR #1 Musquodoboit Harbour, NS
B0J 2L0
Tel: 889-2362
Web: www.rewardyoursenses.com

Central Nova Tourist Association
P.O. Box 1761, 577 Prince Street
Truro, NS
B2N 5Z5
Tel: 893-8782
Fax: 893-2269
Website: www.centralnovascotia.com

Destination Cape Breton
PO Box 1448
Sydney, NS
B1P 6R7
Tel: 563-4636
Fax: 564-5422
Website: www.cbisland.com

Destination Halifax
1800 Argyle Street, Suite 802
Halifax, NS
B3J 3N8
Tel: 422-9334
Fax: 492-3175
Website: www.destinationhalifax.com

Evangeline Trail Tourist Association (ETTA)
654 West Main St.
Kentville, NS B4N 1L7
Tel: (902) 678-1728
Fax: (902) 679-1396
Toll free: 1-866-260-3882
Website: www.evangelinetrail.com

Pictou County Tourist Association (PCTA)
40 Water St.
P.O. Box 1839
Pictou, NS B0K 1H0
Tel: (902) 485-6151
Fax: (902) 485-4415
Toll free: 1-877-81-OCEAN
Web: www.tourismpictoucounty.com

South Shore Tourist Association (SSTA)
Box1390
Lunenburg, NS
B0J 2C0
Tel: 634-8844
Fax: 634-8056
Website: www.sssta.com

Yarmouth County Tourist Association (YCTA)
Tel: 742-5355
Toll free: 1-866-850-9900
Web: www.aboutyarmouth.com

Regional Development Authorities

Antigonish Regional Development Authority
Farmer's Mutual Insurance Building,
Suite 2-1
188 Main St.
Antigonish, NS B2G 2B9
Tel: 863-3330 Fax: 863-4095
Website: www.antigonishrda.ns.ca

Cape Breton County Economic Development Authority
338 Charlotte Street, 3rd Floor
Sydney, NS B1P 1C8
Tel: (902) 562-2201
Fax: (902) 562-2866
Website: www.cbceda.org

Colchester Regional Development Agency
P.O. Box 181, 966 Prince Street
Truro, NS B2N 5C1
Tel: 893-0140
Fax: 897-1157
Toll free: 1-866-227-6182
Website: www.corda.ca

Cumberland Regional Economic Development Association
35 Church Street, Box 546
Amherst, NS B4H 4A1
Tel: (902) 667-3638
Fax: (902) 667-2270
Website: www.creda.net

Guysborough County Regional Development Authority
P.O. Box 49, 46 Main Street
Guysborough, NS B0H 1N0
Tel: 533-3731
Fax: 533-2064
Toll free: 1-800-355-3731
Website: www.gcrda.ns.ca

Halifax Regional Development Agency
11 Glendale Drive, Unit 9
Lower Sackville, NS B4C 3P2
Tel: 869-4040
Fax: 869-4091 Toll Free 1-800-650-0039
Website: www.hrda.ns.ca

Hants Regional Development Authority
Box 2313
Windsor, NS B0N 2T0
Tel: (902) 798-2284
Enfield Office: (902) 883-3338
http://www.hantscounty.com

Straits Highlands Regional Development Authority
P.O. Box 2200
32 Paint St.
Port Hawkesbury, NS B0E 2V0
Tel: 625-3929
Fax: 625-1559
Website: www.strait-highlands.ns.ca

Kings Community Economic Development Agency
28 Aberdeen Street, Ste. #5
Kentville, NS B4N 2N1
Tel: (902) 678-2298
Fax: (902) 678-2324
Website: www.kingsced.ns.ca

Pictou Regional Development Commission
Business Service Centre
980 East River Road
New Glasgow, NS B2H 3S5
Tel: (902) 752-6159
Toll Free: 1-888-412-0072
Fax: (902) 755-2722
Web: www.wearepictoucounty.com

South West Shore Development Authority
P.O. Box 131
Yarmouth, NS B5A 4B1
Tel: (902) 742-3210
Fax: (902) 742-3107
Website: www.swsda.com

Western Valley Development Authority
P.O. Box 278
86 Atlantic Ave.,
Cornwallis Park, NS B0S 1H0
Tel: (902) 638-8100
Fax: (902) 638-8101
website: www.wvda.com

Travel Trade Organizations

Canada

Association of Canadian Travel Agencies (ACTA)
130 Albert Street, Suite 1705
Ottawa, ON K1P 5G4
Tel: 613-237-3657
Fax: 613-237-7052
Website: www.acta.ca

Canadian Bus Association (CBA)
451 Daly Avenue
Ottawa, ON K1N 6H6
Tel: 613-238-1800
Fax: 613-241-4936
Website: www.buscanada.ca

Ontario Motor Coach Association (OMCA)
4141 Yonge Street, Suite 306
Toronto, ON M2P 2A8
Tel: 416-229-6622
Fax: 416-229-6281
Website: www.omca.com

United States

American Bus Association (ABA)
700 13TH St., NW, Suite 575
Washington, DC
20005-5923
Tel: 202-842-1645
Toll free: 1-800-283-2877 (US and Canada)
Fax: 202-842-0850
Website: www.buses.org

American Society of Travel Agents (ASTA)
1101 King St., Suite 200
Alexandria, VA 22314
Tel: 703-739-2782
Fax: 703-684-8319
Website: www.astanet.com

Group Leaders of America, Inc. (GLAMER)
P.O. Box 129
Salem, OH 44460
Tel: 1-800-628-0993
Fax: 330-337-1118
Website: www.glamer.com

International Association of Convention &
Visitor Bureaus
2025 M Street, NW Suite 500
Washington, DC
20036
Tel: 202-296-7888
Fax: 202-296-7889
Website: www.iacvb.org

CrossSphere (formerly NTA)
546 E. Main Street
Lexington, KY
40508
Tel: 606-226-4444
Toll free: 1-800-682-8886
Fax: 606-226-4414
Website: www.crosssphere.com

Travel Industry Association
1100 New York Avenue, NW, Suite 450
Washington, DC
20005-3934
Tel: 202-408-8422
Fax: 202-408-1255
Website: www.tia.org

Travel and Tourism Research Association
(TTRA)
PO Box 2133
Boise, ID
83701-2133
Tel: 208-853-2320
Fax: 208-853-2369
Website: www.ttra.com

United States Tour Operators Association
(USTOA)
275 Madison Avenue, Suite 2014
New York, NY
10016
Tel: 212-599-6599
Fax: 212-599-6744
Website: www.ustoa.com

APPENDIX II

Calculation of Net Income, Cash Flow, and Return on Investment

APPENDIX II

CALCULATION OF NET INCOME, CASH FLOW AND RETURN ON INVESTMENT

This appendix presents the calculation of net income and cash flow as well as methods of calculating return on investment, based on professional, accepted standards of analysis. It is relevance only to commercial businesses since community attractions are very unlikely to be concerned with return on investment.

The proper way to determine the real profitability of a business and its return on investment is to first calculate net profit, in accordance with established accounting principles and in the way Revenue Canada calculates business income taxes. By following this method, it is possible both to determine your projected level of income taxes and determine the actual net cash return accruing to you and your investors.

However, there is also a shortcut method which is simpler and will also render a cash flow calculation, although the numbers will, in this case, be pre-tax. If it is your purpose to determine the basic viability of the business proposal by measuring return on investment, pre-tax returns can be just as useful as net returns. We will discuss this latter method first.

The short-cut way of calculating cash flow is simply to start with Operating Profit, deduct total mortgage payments (both principal and interest), and deduct any capital Asset Replacement allowance. This will give you the net cash flow, prior to business income taxes. It is simpler, by far, than going through a detailed calculation (which is only required to derive income taxes), and the pre-tax numbers can be just as readily used for return-on-investment analysis.

To complete a detailed analysis, we need to determine pre-tax profit, net profit and net cash flow. Pre-tax Profit is the Operating Profit minus all other charges against income. These are the non-operating costs of the business, and they include:

- Interest on long-term debt;
- Depreciation.

To calculate the interest on your proposed debt financing, we need to split the mortgage payments between the interest and principal portions for each year. A mortgage program can do this for you. Ask your accountant or your banker to run the numbers for you.

Depreciation should be charged at the Capital Cost Allowance (CCA) rates set out by Revenue Canada for each type of asset. Generally, these are calculated on a diminishing balance basis (a constant percentage is applied each year against the un-depreciated balance in the asset account), although some assets can be depreciated on a straight-line basis (an equal portion of the original amount each year). Check with your accountant or Revenue Canada for the CCA rates applying to the major asset items proposed for your operation.

Net Profit is Pre-tax Profit less corporate income taxes. Business income taxes are levied against pre-tax profit. Ask your accountant which tax rates would apply to your business.

The resulting figure, Net Profit, is the accountant's way of telling you what the real profit is in your business. It is a figure which includes the profit that is available to you and your investors at the end of the year as well as the principal portion of any debt that has been paid off, after adjusting for the amortization of the original cost of the assets in the business (depreciation or CCA). In other words, it's the accrued change in the book value of the net worth of the business (i.e. assets less liabilities).

However, this is not the same figure as the amount of real cash you have available from the business, since it includes the principal portion of mortgage payments which have been made and it also ignores any new capital expenditures which have been made over the year (expenditures which would have been capitalized rather than expensed against that year's income). Net Profit is also net of capital cost allowance or depreciation. Indeed, as this is a book entry and not a real cash flow charge, it only distorts the cash flow picture.

To calculate Net Cash Flow, which is the real cash figure, you need to start with Net Profit, add back the depreciation or capital cost allowance, deduct the principal portion of mortgage payments (the interest portion has already been deducted) and deduct an allowance for capital purchases (Asset Replacement) for the year. This is the real cash return - the cash flowing out of the business for the year and available for you and your investors to take out or re-invest.

The short-cut way of calculating cash flow is simply to start with Operating Profit, deduct total mortgage payments (both principal and interest), and deduct any capital Asset Replacement allowance. This will give you the net cash flow prior to business income taxes. It is simpler by far than going through the detailed calculation above (which is only required to derive income taxes), and the pre-tax numbers can be just as readily used for return-on-investment analysis. A worksheet is provided in Exhibit II-1.

Return on Investment Methods

Return on Investment is generally referred to as ROI. Another measure of value is Return on Equity (ROE).

These calculations give you a single measure of the income returned on the invested capital over a period of future years selected by the analyst to represent the life of the investment. ROI is a measure of the return on total capital, both debt and equity, while ROE is the return on equity only. These measures are universally accepted by investors, bankers, and other lenders as means of evaluating the income potential of a business investment.

EXHIBIT II-1

CALCULATION OF PROFIT (LOSS)

	Mature Year	1	2	3	4	5
Revenue						
Total Operating Expenses						
Operating Profit						
Less: Mortgage Payments (P & I)						
Less: Capital Replacement Allowance						
PRE-TAX CASH FLOW						

There are a number of ways to make these calculations, some more complex than others. The more complex methods are, of course, the better methods. We will start with the simplest.

Simple Average Pre-Tax or Net ROI/ROE

For a particular year, ROI is the pre-tax cash flow plus the interest for the year on long-term debt, as a percentage of the original total investment (equity plus long-term debt).

$$\text{ROI} = \frac{\text{Pre-tax or Net Cash flow} + \text{Interest on Long-Term Debt}}{\text{Original Equity} + \text{Original Long-Term Debt}}$$

ROE is the pre-tax or net cash flow as a percentage of the original equity investment.

$$\text{ROE} = \frac{\text{Pre-tax or Net Cash Flow}}{\text{Original Equity}}$$

These numbers can be averaged over a number of years, say ten years, to give an average pre-tax ROI or ROE figure.

These are the simplest calculations. However, they are not well regarded by serious financial analysts because they ignore the time value of money. What we mean is that they give the same value to a dollar earned in the tenth year as they do to a dollar earned in the first year. In reality the present value of a dollar earned in the tenth year is really only a portion of a dollar.

However, the simplicity of this method is its beauty and it is easy to understand. Most bankers will accept such numbers for their purposes. If you are not pressed for a more sophisticated calculation, leave it at this.

For a project to be commercially feasible, the ROI and ROE values have to be positive (i.e. the business is making, not losing, money) and they should exceed the costs of alternative, no-risk investments, such as bonds or guaranteed investment certificates. If they don't exceed these alternatives, why bother taking the risk? Just put your capital in guaranteed investments.

Another factor determining what is a satisfactory return is liquidity. Liquid investments, blue chip stocks and bonds, for example, can be readily and quickly sold, at little cost. An equity stake in a small attractions business, however, may be difficult if not impossible to sell, and there may, in fact, be an agreement among the investors restricting their rights in this respect.

The degree these rates of return exceed no-risk investments is primarily determined by the level of risk inherent in the business proposal and, to a lesser degree, the level of liquidity.

Looking at an attractions business, its advantages are:

- It usually has real estate which provides security for financing;
- It is a cash flow business with limited or no receivables;
- An attraction's programming and marketing can be highly effective in generating attendance;
- Most of the costs are relatively fixed so if break-even attendance levels can be exceeded, returns can be lucrative.

Disadvantages include:

- It is a high risk business; if attendance thresholds are not met, losses can be significant
- It can involve a high capital investment;
- Can be difficult to get established, and the start-up period will extend two years or more;
- It is usually difficult to convert an attraction to other uses.

Everyone has a different view on these matters, but we suggest the following guidelines:

ROI (assuming 50% debt and 50% equity):

- Double the interest rate on long-term debt is **excellent** (provides four-times coverage of interest on debt) (NB: - For the ROI to be double the interest rate, the ROE has to be three times the interest rate.);

- 150% of the interest rate is **good** (provides three-times interest coverage) ;

- 100% of the interest rate is **poor** from the investor's standpoint - there is no premium for risk but not bad from the banker's perspective, he or she has two-times coverage on interest;

- Less than 100% - is **not a commercially feasible** proposition and probably not bankable, since the lender has little or no income protection.

Assuming the financing was 50/50 debt/equity and that the interest rate on long-term debt was 10% per annum, an ROI of 20% would produce an ROE of 30%.

ROE :

- Triple the interest rate on long term debt is **excellent**;
- Double is **good**;
- Equal to the interest rate is **poor**;
- Less than the interest rate is **unfeasible**.

Times Loan Payment Coverage

Bankers look at the income protection on their loan. Basically, they want to see operating profit of at least double the level of annual loan payments. Thus, if there was a 50% deterioration in net income, the business could still cover its loan payments. For higher risk businesses, they will want to see triple or better coverage.

This judgement will also be affected by the amount and quality of security you have put up for the loan. If they don't have to rely on business income for loan repayment, they may be a little less demanding on times coverage.

Detailed Return-on-Investment Methods

The more sophisticated methods of calculating return on investment are summarized below. Both of them share the benefit of accounting for the time value of money in calculating return on investment.

Internal Rate of Return (IRR):

This method calculates the percentage of rate of return generated from a stream of income over time, relative to the amount of the original investment. Net cash flow is usually used to represent income, although a pre-tax IRR can be calculated too, if you are using the simpler pre-tax cash flow method of projecting earnings.

Essentially, this method determines the discount rate (rate of return) that, when applied to each future year's cash flow, will result in a total cash flow for all the years equal to the original investment.

Ask your banker or your accountant to do this calculation for you. Most spreadsheet programs today will perform this calculation. To do it manually, you have to be a mathematician!

Net Present Value (NPV):

Net present value (NPV), sometimes called warranted investment, is a very useful ROI measure. Rather than determining the rate of return itself, it asks you to establish a target rate of return and then discounts each year's cash flow at this rate to calculate the level of investment warranted for the project. In other words, it tells you how much you can afford to invest to produce the desired rate of return from the projected cash flow. If the warranted investment is higher than the actual investment required, the project will exceed the target rate of return and vice versa.

Again, the NPV calculation can be done by your accountant or banker.

Time Period for Projections

What time period should we use in measuring ROI?

A primary consideration in this respect is the expected useful life of the investment. The useful life of an investment can be many years. Buildings, for example, can have an effective life of a century or more. Rolling stock may be good for twenty years or more. Other assets may have a much shorter useful life. Assuming, however, that you will be spending enough annually to refurbish or replace items on a periodic basis, the useful life of the assets in the business will be extended indefinitely into the future. On the other hand, new competition could weaken your ability to maintain the business on this basis and its life would be shortened as a consequence. As a result, the expected useful life of an investment is not a sufficient consideration, on its own, for determining the time line for ROI analysis.

A second important consideration is the reliability period of future projections. Some experts believe that any projections beyond five years are so speculative that they are useless. (Some others believe one year is speculative!)

However, the key question is not really how accurate future projections can be but, rather, is it reasonable for you to rely on future income from the investment you're contemplating today and, if so, for how many years can you reasonably expect to continue to earn this income?

We would suggest that a five-year time line would probably be appropriate for an attractions business. With reasonable management and investment in marketing, this should be readily achievable. In addition, there's not a lot of value in extending the time line significantly beyond this, since, with the time-sensitive ROI methods, the impact of cash flow more than ten years in the future is quite small.

With the simple ROI method, you should not include years beyond the tenth year in the calculation, since to do so would distort the result by giving too much weight to cash flow in the distant future.

Break-even Analysis

Another useful analysis is break-even analysis. Some financial institutions like it because it paints a picture of the degree to which a projected level of business exceeds the minimum necessary to survive and provides a measure of the down-side protection in the projected numbers.

The break-even point is the volume of revenue at which all costs are covered and the business breaks even on a revenue-to-cost basis.

There are several different break-even points, as illustrated in Exhibit II-2. The first comes when the intersection of volume of business and price produces enough revenue to cover variable operating costs (costs of sales and direct operating expenses). The amount of revenue in excess of variable costs is called Contribution to Overhead.

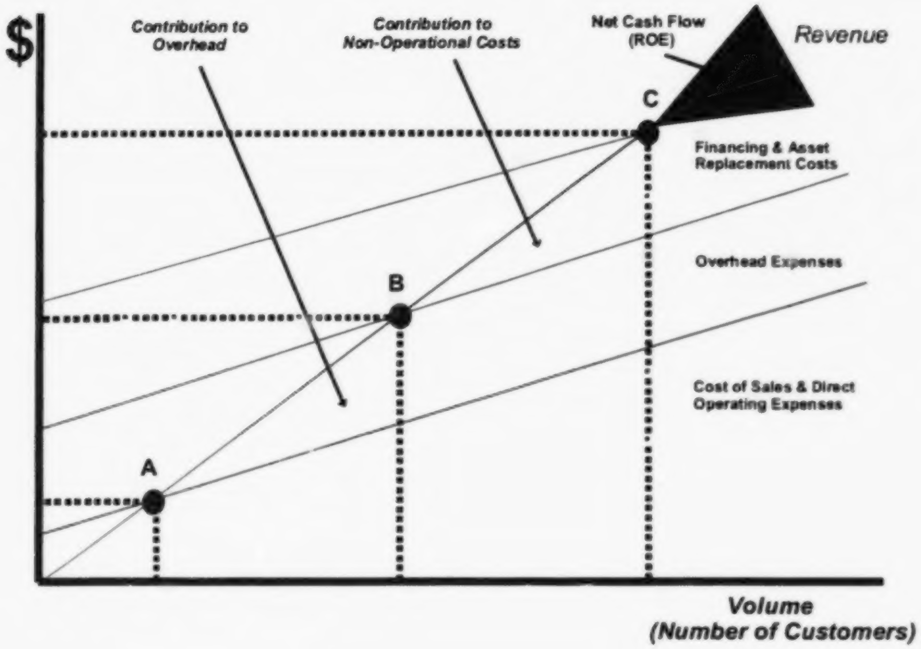
The second level happens when all operating costs, the variable costs as well as all overhead costs, are covered. The surplus is the Contribution to Non-Operating Costs or Contribution to Capital Related Costs.

The third level is when all costs of the business are covered. The surplus is Net Cash Flow or Return on Equity.

Break-even analysis is also very useful to management for the purpose of evaluating feasibility and also because it can be used in pricing and discounting strategies as part of a yield management process.

EXHIBIT II-2

BREAKEVEN ANALYSIS



A	Break even on variable costs (direct costs)
B	Break even on variable & fixed cost (overhead costs)
C	Full Break even - covers all variable & fixed costs, as well as financing & asset replacement costs

APPENDIX III

Financing

APPENDIX III

FINANCING

Few people starting a business have enough personal capital to do it on their own. It is much more common for entrepreneurs to need other investors and, usually, some loan capital as well. This section deals with the "how to's" of arranging financing for your commercial attractions business. Sources of funding for community attractions were identified in Section 5.

It is important that you learn the basics of business finance if you are going to be seen as credible and competent by a banker or other lender. They don't expect you to be an expert on financing but they do expect you to know enough to be able to meet their needs and provide reassurance about their major concerns. They also expect you to know enough about business finance to be able to manage your business' financial affairs over time.

Rule number one is that you must invest significantly in the business yourself. You have to have your own neck on the line if others are going to risk their capital on your enterprise. Having other equity investors will be helpful, but the lenders will look to the managing principals to have a major, personal equity stake in the business.

Rule number two is that you have to have a credible business plan and preferably a feasibility study too to provide evidence that the business is going to be able to succeed and pay back its financing: first its loans and secondly its outside equity investors.

Bankers and lenders are not risk takers. They not only want the foregoing, they also want some additional security in the form of assets pledged to protect the loan.

We will now briefly explore the different types of financing available and then consider the "how to's" of applying for a loan.

Equity Capital

Your own investment in the business, be it cash, buildings or equipment, is the primary source of equity. Additional equity capital will be invested by partners, limited partners, or other investors who are willing to risk their capital on your idea and your abilities.

Venture Capital Companies

There are many venture capital companies in Canada who invest in small-to-medium size businesses that have growth potential. Venture capital companies commonly invest between $100,000 and $500,000.

These companies will put in risk capital but only in ventures that have the potential to grow dramatically and pay large returns within four to five years. They will want to sell their investment after four or five years and realize their gain.

Typically, venture capitalists invest in high tech and other high growth companies when they are in their fledgling stages. While most tourism enterprises don't have the same kind of growth potential, some may, particularly if there is the opportunity to franchise a good concept. Otherwise, this is not a very likely source of financing.

The key things venture capitalists are looking for are:

- Rapid growth potential;
- Strong, committed management;
- A seat on the Board of Directors and pre-emptive rights to replace management if they don't perform on target;
- Large returns over a limited number of years.

Debt Financing

Loans are the predominant form of financing for the tourism industry in Nova Scotia and elsewhere in Canada.

A key lending principle is that long-term assets are financed with long-term loans and short-term assets are financed with short-term loans. Working capital should be financed by a short-term line of credit. In other words, the type of financing should fit the useful life of the asset in the business.

Another key principle, often ignored, is that a business should never commit to loan obligations that it can't comfortably support from its earnings. As a general rule, the lenders will want the business to be able to generate cash flow which is at least 1.1 times, and perhaps as much as 1.5 times, the amount required to repay both principal and interest on an annual basis.

In addition, your loan financing, combined with your equity financing should be sufficient to cover all your costs, and should provide for contingencies in the event of unexpected costs or overruns in development costs. Otherwise, the working capital of the business will be absorbed by capital commitments and the ability of the business to operate properly will be compromised, if not threatened.

Fixed Assets Financing

Fixed assets are assets fixed in one place, such as land and buildings. They are assets that generally have a long life. Such assets are normally financed with long-term debt, either a mortgage loan or a secured term loan. Mortgage loans extend for the longest period, while term loans are normally for intermediate periods of five to fifteen years.

Lenders don't like to finance more than 75% of the value of assets in this way; they want the rest covered by equity. The lender looks to the projected earning power of the business to pay off the loan, although they also want the security of a claim on the assets themselves in the event of default. They will expect a business plan from you and may also want a feasibility study.

Long-term lenders also look at the overall financing of the business, not just the financing of their secured assets. They look at the debt/equity ratio and don't like to see a ratio of more than 1.5 or 2.0 at the most (1.5 or 2 times as much debt as equity).

Lenders may require other things from you. Typical requirements, in addition to the security for the loan, include:

- Personal guarantees of the main principals for the amount of the loan plus accrued interest;
- A postponement of the repayment of shareholder loans until the loan is repaid;
- Limitation on the salaries and drawings of the principals;
- Restrictions on major capital purchases until the loan is repaid.

Major Equipment Financing

As the operator of an attractions business, your requirement for major capital equipment is likely to be limited. If your attraction includes a restaurant, then you will need kitchen equipment; you may also have some rides or high tech equipment that could be considered major. Long-term mortgage loans are not normally used to finance major equipment purchases. The techniques that are used most often include:

- Secured term loan;
- Conditional sales purchase;
- Equipment lease;
- Sale and leaseback.

Secured Term Loan

This is a standard term loan, generally of five to fifteen years, in which the equipment is taken as security for the loan, usually in the form of a lien.

Conditional Sales Contract

This is a method wherein the manufacturer of the equipment finances the purchase. The purchaser makes a down payment and monthly payments until the loan is paid off. The ownership of the equipment remains with the manufacturer until the debt is paid.

Lease

Leasing is a very common way to finance equipment. This is like the conditional sales contract, but leases are provided by many different financial institutions, not just equipment manufacturers. With a lease, the equipment is rented for a pre-set period of time at a fixed monthly payment that covers the cost of interest as well as a portion of the original value of the equipment. Depending on the type of lease, the equipment either reverts to the leasing company at the end of the term (although the lessee usually has an option to buy it for a pre-set value) or the lessee must buy it for a pre-set amount at the end of the lease term.

The ownership of the assets usually resides with the leasing company.

Leases are popular since they don't require a large cash outlay at the beginning. They also provide a means of replacing equipment on a regular basis, since it can be returned at the end of the lease period and new equipment leased. It is also attractive for companies wanting to own the equipment, since they can buy it at the end of the lease period, probably for a quarter to a third of the original cost.

Sale and Leaseback

Companies wanting to reduce their existing debt so that they can borrow for new assets they require can sell a fixed asset to a financial institution and then lease it back. They effectively convert a long-term debt into a medium-term lease commitment.

Working Capital Financing

The financing of short-term working capital is generally done with some combination of the following:

- Bank line of credit;
- Character loans;
- Commercial loans.

There are other methods, such as accounts receivable financing and factoring, but they are very unlikely to be used by an attractions business.

Bank Line of Credit

This is called a demand loan since the bank can demand payment at any time. The line of credit is really an overdraft privilege with a pre-set limit. It allows you to pay your bills with the bank's money when you're short of cash. The amount of the loan is the amount used and interest is only paid on the amount used.

The bank may require you to pledge your receivables as security for the line of credit and they will probably want regular financial statements and frequent lists of payables and receivables. They will also want personal guarantees.

A hybrid of this is the revolving loan, in which the bank automatically extends you small loans as you draw on the credit available and automatically pays them off as you make deposits. While you may pay interest on a slightly larger average loan, the interest rate is usually lower.

The bank will monitor your line of credit. They like to see it fluctuate and occasionally go to zero. If it is constantly at the limit, they will get concerned. If this happens, you probably should refinance the business to return the line of credit to a fluctuating loan.

Character Loans

These are unsecured loans, generally short-term, which are extended to companies or individuals with excellent credit ratings. The funds can be used at the company's discretion.

Commercial Loans

These are more formal loans intended for short-term uses. The bank generally wants payments on a regular basis and the loan paid off within a year.

Sources of Financing in Nova Scotia

There are a number of agencies which offer financial assistance for tourism related businesses in Nova Scotia.

The **Business Development Bank of Canada** (BDB - formerly the Federal Business Development Bank) is a federal crown corporation that offers innovative financial and management services that address the unique needs of today's small and medium sized businesses. Assistance is available in the form of loans, loan guarantees, and venture capital. Contact the Business Development Bank of Canada for more specific program details.

The **Department of Tourism, Culture and Heritage** may have some funding support available if you are planning a community, not-for-profit attraction.

The **Canada/Nova Scotia Business Service Centre** (www.cbsc.org/ns/) provides a variety of helpful information including potential sources for funding programs.

The **Nova Scotia Office of Economic Development** can potentially offer funding assistance through various programs including the Small Business Loan Program. Check out their website at www.gov.ns.ca/econ/

Another potential funding source is the **Atlantic Canada Opportunities Agency** (ACOA), which has various assistance programs for business. The programs are designed to help you set up, expand, or modernize your business and focus on small-and medium-size businesses. They can provide tourism-related businesses with access to capital in the form of interest-free, unsecured, repayable contributions. ACOA may also have funding programs available for community development initiatives, such as community attractions. Contact ACOA (or Enterprise Cape Breton Corporation for businesses in Cape Breton) for information on eligibility and program details.

Finally, the **Canada Small Business Financing Act** is a federal government program designed to help new and existing small business enterprises obtain term loans from chartered banks and other lenders for financing the purchase and improvement of fixed assets. Loan assistance is available for the purchase of land, construction or renovation of premises, and purchase of new equipment. The program is delivered through private-sector financial institutions. Further information on the Small Business Financing Act is available from ACOA or your lender.

The Canadian Tourism Commission (CTC) released a publication in 1998 entitled "A Road Map to Tourism Financing: A Guide for Small and Medium-sized Businesses" which you may find useful. It can be obtained through their website at www.canadatourism.com or by contacting them directly (see the listing in Appendix I).

Your Presentation and Negotiations

The First Step

First of all, put together a short description of your business concept, in point form if possible, and review it with your local economic development officer or a representative of the Regional Development Authority. They will be able to help you identify what you need if your application is to be considered favourably by a banker.

Next, make an appointment with the manager or loan officer and go to meet with them. (It will help if you review this section before you go so you are able to discuss financing options with some knowledge.)

Make it clear at the outset of your meeting that this is intended to be a preliminary meeting, designed to help you prepare the specific information they are going to need to process your application. It is vital that they understand that you aren't applying for financing at this point, only looking for information and advice regarding a possible later application. They are used to people coming in to make actual applications for financing without having any idea of what's involved. Those people instantly have two strikes against them. Make sure they don't cast you into this lot!

By giving them an overview of the business concept, they will be able to focus in on the forms of financing and types of conditions most appropriate for your business. You may, in fact, learn that they are not the right kind of institution at all and save yourself later frustration.

There are several other advantages of having this initial meeting:

- You will be able to focus your subsequent presentation to them on the things that they indicate will be most important and avoid wasting effort on things that aren't important.

- You will get a sense of the aspects of your concept that make them most nervous and you will be able to concentrate your later presentation on overcoming these concerns.

- It will impress them that you are taking a professional approach; that you recognize their need for information and evidence of the merits of the proposal; and that you have sought their advice. The psychology of this can be most valuable later; they will write in their file, "The principal of this business is taking a professional approach to preparing his or her application," or some such supportive comment.

The Second Step - Preparing Your Presentation

In preparing your written presentation, you will need, directly and indirectly, to address a number of specific concerns that the financial institution will inevitably have:

- The viability of the business concept - potential earnings, risk factors, competitive advantages/disadvantages. With existing businesses, they will, of course, be interested in past growth, revenues, and earnings as well.
- The tourism industry and the attractions sector in particular - viability, trends, growth.
- The ability of projected earnings to service the financing.
- The opportunity for growth over time.
- The management abilities of the principals - their track records in past projects or jobs, their experience in this kind of business, their formal training and education.
- The financial integrity of the principals - past credit history, reputation in the business community for paying bills and fulfilling obligations.
- The amount of equity in the business, particularly from the main principals.
- The realizable value and marketability of the security that is available to secure the financing.
- The level of professionalism evident in the approach to securing financing - the understanding of the needs of the lender, the use of outside professionals.

The actual presentation will address these issues in the context of the suggested table of contents in Exhibit III-1. If you have already prepared a business plan and/or a feasibility study, you can attach them to the submission and reference them where appropriate.

The presentation need not be exhaustive. It can be in a summary form and use bullets to make the points concisely. The financial institution will come back to you for more information where they need it.

You should submit the presentation in person, making an appointment, and then make another appointment to come back and discuss the presentation once they've had a chance to read it.

Negotiations

Honesty and openness in negotiations are critical. It isn't just because you don't want to be caught in deceit or concealment of information, it's also because you are going to have to establish a relationship of mutual trust and maintain it over a period of years. If the financier has any reason to doubt your trustworthiness, honesty, or openness, you will find it very hard, indeed, to get your loan approved.

EXHIBIT III-1

SUGGESTED TABLE OF CONTENTS FOR A BUSINESS PLAN, SUITABLE FOR A PRESENTATION FOR FINANCING

Executive Summary:

- Very brief description of the business, the concept proposed, and the capital budget
- An outline of proposed financing
- Summary of revenue and cash flow projections

Background:

- Industry/general tourism trends
- History of the company, date of commencement
- Form of business (partnership, etc.)
- Names of the principals, their involvement, and investment

Business Concept:

- The development concept
- Its unique selling propositions and competitive advantages
- The product mix/product features
- Target markets
- Location and site description
- Proposed assets and capital budget
- Purchase price
- Project phasing

Proposed Financing:

- Equity
- Debt
- Working capital
- Security available

Management:

- Organizational structure
- Biographies of principals and key management

EXHIBIT III-1 cont'd

SUGGESTED TABLE OF CONTENTS FOR A BUSINESS PLAN, SUITABLE FOR A PRESENTATION FOR FINANCING

Markets and Projected Demand:

- Summary of results of market research and analysis
- Comparable information
- Competitive analysis
- Market trends
- Demand projections

Marketing:

- Pre-opening activities/opening promotions
- Summary of the consumer marketing plan
- Summary of the travel trade and group marketing plan
- Marketing partnerships
- Pricing
- Planned market tracking and research

Operations Plan:

- Staffing and training plan
- Business systems
- Other operational issues

Three to Five Year Operating Projections:

- Revenues
- Operating Costs
- Profits
- Debt service
- Asset additions
- Net cash flow

Initial Balance Sheet:

- Assets
- Liabilities
- Equity

EXHIBIT III-1 cont'd

SUGGESTED TABLE OF CONTENTS FOR A BUSINESS PLAN, SUITABLE FOR A PRESENTATION FOR FINANCING

Return on Investment:

- Internal rate of return or simple return on investment
- Present value of cash flow
- Times interest earned
- Breakeven analysis

Summary of Key Risks and Contingencies:

- Key risks and management's proposed responses to such threats
- Contingency plans to deal with above

References:

- Financial institutions
- Creditors
- Past business associates - customers, suppliers, partners, etc.
- Banker, lawyer, accountant

Discuss your own concerns openly: how you intend to deal with the risks and uncertainties, what you expect to do about major problems that might arise. In general, have an open and full discussion of how the business is going to overcome its challenges. Financiers know very well what can go wrong with a business and they believe in Murphy's Law. In fact, they tend to be cynical about small business, unfair as that may seem. They want you to make them comfortable and give them confidence in your ability to deal with problems.

Don't be intimidated. If you don't understand something, ask. If you don't agree with something, say so. If you think they are being unreasonable in their demands, ask them to explain why the demands are necessary and debate the issue.

At all times be open-minded, non-judgemental, and cool.

This is a normal negotiation. You are free to go elsewhere to get the best deal for your business. However, we recommend that you approach one lender at a time. When you find someone you like and can deal with, stick with them. You should always deal with your banker in good faith. If the manager doesn't think you are serious, or thinks you are wasting his or her time, then you will have difficulty obtaining the financing you require.

Try to get the manager/loan officer to leave their office and come to see your site; give them the tour. Getting them out of their environment into yours is good psychology, and it will help them see your proposal in a more substantial way. It will be real, not just a paper project.

It will take some time and effort to accomplish, but you want to draw your financier into a partnership-style relationship, where they will be more concerned with keeping your business afloat and helping you out, rather than worrying about their loan and wishing you'd take your business elsewhere.

Put yourself in their shoes and act accordingly. Keep them informed. Act like you are in a partnership relationship and treat them like your partner. Hopefully, they will respond in kind.

APPENDIX IV

Business Structures

APPENDIX IV

BUSINESS STRUCTURES

Alternative Forms of Business Structures

This section looks at alternative ways of setting up a business and deals with the major considerations you will face.

The alternative forms of business organization include:

- Sole proprietorship;
- Partnership;
- Corporation - the Limited Company and the Public Corporation;
- Limited Partnerships;
- Joint venture;
- Not-for-profit organization.

The features, advantages, and disadvantages of each organizational form are summarized below.

Sole Proprietorship

A sole proprietorship is just what it says. It involves one owner, and that owner and the business are one entity. In other words, the person owns the assets personally, and the liabilities of the business are the liabilities of that person. There is no legal form to a sole proprietorship, although it still has to register itself as a business for the purposes of business licensing and sales tax registration. The legal status of the business is the legal status of the owner as a citizen. The income of the business is the personal income of the owner.

The advantages of this form of enterprise include:

- Simplicity;
- Freedom to make your own decisions.

The disadvantages include:

- No limitation of personal liability for the owner;
- Nobody to share the responsibilities of running the business;
- Limited access to equity other than what you have available personally.

This form of enterprise is only feasible where the business is owned solely by an individual, or perhaps by a married couple, since the laws on marital property will govern the nature of the relationship between the parties.

Partnership

A partnership is a business form intended for two or more owners. Like the sole proprietorship, the owners of the business and the business itself are one and the same for legal purposes. The business has no legal status separate from the individuals involved. The liabilities of the business are the liabilities of the partners. In fact, each and every partner is liable for all of the liabilities of the business. Partners are assumed under the law to have equal interests in the business, unless their partnership agreement specifies differently.

The governing legal instrument is the partnership agreement drawn between the partners. It has legal status as a contract. It normally covers the key arrangements among the partners, for example:

- The proportions of partners' interest, if other than equal;
- Cross indemnification of personal liability;
- Provision for dissolution or transferring of interests in the partnership;
- The decisions to be made jointly by the partners;
- Prohibited activities;
- Provisions for life and disability insurance to assist surviving partners in acquiring the interest of the deceased or disabled partner, and compulsions on the partner or his or her estate to sell that interest to the surviving partners in the event of disability or death;
- The manner in which partners are to be compensated, as well as distribution of the partnership's profits and losses;
- Procedures for amending or terminating the agreement.

The advantages of a partnership are:

- Basic simplicity;
- Provides for more than one owner.

Disadvantages include:

- Unlimited liability for each partner for all of the liabilities of the business. The partners can have a mutual indemnification clause in their partnership agreement, which can partially offset some of the risk, but this only establishes a claim on the other partners in the event a partner is called upon to cover a business liability.
- Many partnerships fail because the partners do not adequately deal with issues such as those identified above as needing to be included in the partnership agreement.

Corporation

The corporation is a separate legal entity from its owners. It has the status of a person under law. It is created when Articles of Incorporation are filed with the Registry of Joint Stock Companies of the Nova Scotia government in the case of a provincial corporation, or the federal government in the case of a federally incorporated company. You have the choice of provincial or federal incorporation. (There is little point in a federal registration unless the same company is going to be doing business outside of Nova Scotia.)

A corporation issues shares to its owners and equity investors. The liability of the owners and investors is limited to the amount of their investment. (However, if they provide personal pledges or guarantees to the bank or other creditors on behalf of the company, their limited liability does not protect them for the specific liability involved.) In other words, for the most part the company's creditors have only the assets of the company as protection for their credit, not the assets of the owners. There are certain creditors and liabilities which do have a claim on the owners of an incorporated company including the Receiver General of Canada for employee source deductions, the Workers' Compensation Board, and employees for their back wages.

There are two forms of limited liability corporation, the private corporation and the public corporation. The private corporation is the one used by the vast majority of small-and-medium size businesses that are incorporated. In these cases, the investors are informally organized by the promoters of the business. Private corporations are not permitted to promote the sale of their shares to the general public.

In a public corporation, on the other hand, promoters are permitted to solicit the sale of the corporation's shares to the general public through investment dealers and other financial institutions. To do this, however, the promoters have to file detailed information on the business proposal and on many other topics to the Nova Scotia Securities Commission and receive approval to sell the share offering.

The cost of legal, consulting, and accounting fees in developing a prospectus can run to hundreds of thousands of dollars, so this form of business structure is only used for very large businesses.

The advantages of a corporation are:

- Limitation of owners' liability;
- Can have several owners/investors;
- The business can enter into contracts and conduct business in its own name, rather than the names of the owners;
- There can be some tax benefits to the owners as compared with the sole proprietorship or partnership.

Disadvantages include:

- More expensive and complex to establish;
- For very small businesses, much of the advantage of limited liability is usually lost, since bank and lenders will insist on personal guarantees from the owners anyway.

Limited Partnership

The limited partnership is a form of business organization that was popular in the past decade. It is like a partnership in some ways and a corporation in others. Basically, the general partner organizes and runs the business, while the limited partners invest in it. All are partners for tax purposes; in other words, the net income and losses of the partnership flow directly to them. However, the liability of the limited partners is limited to the amount of their investment, as long as they don't engage in the business in any fashion, other than as passive investors. To remain a limited partner, a person must not take part in the management of the firm and may not act on behalf of the company.

In the 1980s, limited partnerships were used to finance many chain and franchise hotels in Canada but they are not as popular now.

Joint Venture

A joint venture is like a partnership but usually involves two or more corporations that enter into an agreement to operate an enterprise under joint ownership. The respective companies usually have some business relationship with the joint venture.

Business Registration

Whatever form of business structure you choose, you need to register the business. This is discussed in Section 9.

Tax Considerations

There are a number of tax implications with each form of business organization. You are strongly advised to obtain professional tax advice from a qualified accountant, preferably a tax specialist.

Agreements Among Principals

Whatever the form of organization, it is vital that the principals in the business execute a formal agreement among themselves. In the partnership, there is a partnership agreement, while in the corporation it is a shareholder's agreement.

The agreement should cover, at a minimum, the following kinds of issues:

- An understanding as to the purpose of the business, the roles of the principals in it, and any other mutually agreed intentions;
- Decisions requiring approval of all the principals;

- Decisions requiring approval of a majority of the principals;
- Procedures for selling or transferring an interest in the business;
- Procedures for dissolution;
- Procedures for resolving conflicts when there is a stalemate;
- Methods of compensating the principals;
- Issues having to do with the rights of and prohibitions on the principals.

Which Form of Business Should I Use?

If you're in this project on your own, a sole proprietorship is simplest and cheapest.

Incorporate a private company in which you hold all or most of the shares if you want some limitation of liability protection and/or if your tax advisor indicates some tax advantages in incorporation.

If there's more than one owner, and they all want to have a say in the running of the business, form a partnership.

In partnerships, sometimes one partner may be silent, which means he or she will supply the capital while the other supplies the know-how and the hands-on management. In most cases, however, partners work together at the business. Ideally, in a working partnership, each partner will have skills that are different but complementary to the other so that both can contribute to the business in other ways besides supplying money. Whether silent or active, your partner will usually insist on some role in management decisions.

A word of caution here: you should be very careful in choosing a business partner. Many partnerships fail because the partners cannot get along. If you do choose to form a partnership, you should have a detailed and comprehensive agreement drawn up to protect the interests of all partners.

If you have several others who are prepared to invest in the business but are not going to be active in it as partners, then the private corporation may be the best form. Your tax advisor may, on the other hand, suggest a limited partnership since it gives some tax advantages to the non- active partners.

You definitely need expert advice on this, however and you should seek help from appropriate professionals.

APPENDIX V

emerit Standards and Certification

APPENDIX V

emerit STANDARDS AND CERTIFICATION

The Nova Scotia Tourism Human Resource Council (http://www.tourismhrc.com) is a national partner of the Canadian Tourism Human Resource Council and has been actively involved in the development of National Occupational Standards for various occupations in the tourism industry, and is also the certifying body for non-apprenticeable trades in Nova Scotia. As well, the NSTHRC is the local partner for emerit, "Canada's best tourism training tools". emerit offers flexible learning options including on-line accessibility and traditional workbooks. This allows for self-directed learning of specific skill based modules and also permits individuals to challenge full certification.

Standards

Standards presently (2005) exist for 49 occupations. These are listed on the following page.

What are Standards?

Standards are statements outlining the attitude, knowledge, and skills required of an individual in order to be considered competent in an occupation. Standards clarify expectations and can be used to design consistent training, education, and professional development programs.

How are Standards Developed?

The Standard development process is based on the philosophy that the tourism industry must determine its own direction. The individuals best suited to determine the content of the Standards are those directly involved in the occupation. The mandate of the Nova Scotia Tourism Human Resource Council is to bring together business, labour, education, and training, and other stakeholders to define the standards and to ensure that they guide education and training.

Standards for a specific occupation become National once seven provinces or territories and one national association validate and accept them.

Who Benefits from Standards?

Eventually, everyone in contact with the tourism industry will benefit from the evaluation of performance in relation to industry Standards. As Standards gain recognition, industry professionals will maintain or increase personal skills, resulting in direct benefits to local and visiting consumers.

National Product List www.emerit.ca

To order please visit www.emerit.ca or contact 1.800.486.9158.

NATIONAL WORKBOOKS

	PRICE	ENG	FRE
Bartender	75.00		
Campground Operator	75.00		
Entry Level Cook	75.00		
Food and Bevarage Manger Set	275.00		
Food and Beverage Server	75.00		
Freshwater Angling Guide	75.00		
Front Desk Agent	75.00		
Guest Services Attendant	75.00		
Heritage Interpreter	75.00		
Housekeeping Room Attendant	75.00		
Hunting Guide	75.00		
Local Tour Guide	75.00		
Reservations Sales Agent	75.00		
Retail First Level Manager	75.00		
Retail Sales Associate	100.00		
Sales Manager	75.00		
Special Events Coordinator	75.00		
Special Events Manager	75.00		
Supervisory Skills (set of 4)	275.00		
Tour Director	75.00		
Tourism Essentials	75.00		
Tourism Visitor Information Counsellor	75.00		
Travel Counsellor	75.00		N/A

TRAINER'S GUIDES FOR WORKBOOKS

	PRICE	ENG	FRE
Bartender/ Food and Beverage Server	150.00		
Food and Beverage Manager	150.00		
Front Desk Agent	150.00		
Guest Services Attendant	150.00		
Heritage Interpreter	150.00		
Housekeeping Room Attendant	150.00		
Local Tour Guide/Tour Director	150.00		
Reservations Sales Agent	150.00		
Sales Manager	150.00		
Tourism Visitor Information Counsellor	150.00		
Tourism Essentials	150.00		

CAREER PLANNING RESOURCES

	PRICE	ENG	FRE
Career Awareness Video	27.50		
Career Expo Manual	45.00		
Career Planning Guide (Updated)	35.00		
The Student's Travel Map: 2002 (Updated)	35.00		
Tourism – A World of Opportunity (CD-Rom)	25.00		

HUMAN RESOURCE BUSINESS TOOLS

	PRICE	ENG	FRE
Aboriginal Tourism - A Business Guide	25.00		
Performance First Series:	155.00		
Great Performances	25.00		
Less Talk, More Communication	25.00		
Making Training Work	25.00		
One-on-One Training	25.00		
Predicting Performance	25.00		
Setting the Stage	25.00		
Winning Ways	25.00		
Business Builders Series:	160.00		
Developing an Operational Plan	20.00		
Developing Your Business Profile	20.00		
Getting Your Business Market Ready	30.00		
Management and Labour Relations	30.00		
Managing Your Business Finances	20.00		
Marketing Essentials for Small Business	20.00		
Sales Forecasting	20.00		
Shaping Your Business Strategy	20.00		
HR Tool Kit	195.00		
Performance Paks (ELC,HRA, FDA, FBS, TVIC)	25.00		

OCCUPATIONAL STANDARDS

	PRICE	ENG	FRE
Bartender	40.00		
Beverage Services Manager	40.00		N/A
Banquet Server	40.00		
Banquet Manager	40.00		
Campground Operator	40.00		
Catering Manager	40.00		
Casino Dealer	40.00		
Casino Slot Attendant	40.00		
Catering Manager	40.00		N/A
Director of Sales and Marketing	40.00		N/A
Door Staff	40.00		
Food & Beverage Manager	40.00		
Food & Beverage Server	40.00		
Foodservice Counter Attendant	40.00		N/A
Freshwater Angling Guide	40.00		
Front Desk Agent	40.00		
Golf Club General Manager	40.00		
Guest Services Attendant	40.00		
Heritage Interpreter	40.00		
Housekeeping Room Attendant	40.00		
Hunting Guide	40.00		
In-room Dining Server	40.00		
Kitchen Helper	40.00		
Line Cook	40.00		N/A
Local Tour Guide	40.00		
Night Auditor	40.00		
Outdoor Adventure Guide	40.00		
Professional Cooking	80.00		
Reservations Sales Agent	40.00		
Retail First Level Manager	40.00		N/A
Retail Sales Associate	40.00		N/A
Sales Manager	40.00		
Ski Area/Resort Occupational Guidelines	85.00		
Small Business Owner/Operator	40.00		
Snowmobile Operations	40.00		
Special Events Coordinator	40.00		
Special Events Manager	40.00		
Supervisory Skills	40.00		
Taxicab Driver	40.00		
Ticket Agent	40.00		
Tour Guide/Director	40.00		
Tour Operator	40.00		
Tourism Small Business Owner/Operator	40.00		N/A
Tourism Trainer	40.00		
Tourism/Visitor Information Counsellor	40.00		
Tourism/Visitor Information Supervisor	40.00		
Travel Counsellor	40.00		
Transferable Skills	40.00		
Wine Service	40.00		

ON-LINE TRAINING

	PRICE	ENG	FRE
Bartender (Bundle)	125.00		
Modules	25.00		
Food and Beverage Server (Bundle)	125.00		
Modules	25.00		
Front Desk Agent (Bundle)	125.00		
Modules	25.00		

For Service Professionals, Standards:

- Identify career paths;
- Identify the skill and knowledge needed
- Enhance the public image of occupations;
- Provide a basis for challenge, self-improvement, and advancement;
- Provide the basis for certification based on competent performance.

For Employers and Owners, Standards:

- Define area where employees must be proficient, which assists in recruiting, training, and development of staff. It is important to understand that Standards are not a training program or a training manual in themselves; they do not specify learning objectives, learning activities or evaluation methods. To serve as a training tool, the Standards need to be translated into a learning experience with detailed objectives, activities, and evaluations.

- They can be used to create job descriptions and conduct performance evaluations, as well as to develop and enhance training programs

- Provide employers with a highly trained workforce, which can increase productivity and decrease costs incurred by staff turnover.

For Educators, Standards:

- Provide the basis for curriculum and program development;
- Identify areas of industry where educational expertise is needed and applicable.

For Students, Standards:

- Promote the tourism/hospitality industry as a viable and fulfilling career choice;
- Identify career options within the industry.

For the General Public, Standards:

- Increase the level of professionalism of employees in the tourism/hospitality industry. This results in a higher level of service to customers and a better image of the industry.

Many Standards are available in a Workbook that is a self-study guide including all the Standards as well as exercises, performance reviews and self-tests. The Workbooks are available through the Nova Scotia Tourism Human Resource Council and can be ordered on-line from their web site.

National Certification

What is National Certification?

National Certification is a three step process. Professionals who achieve National Certification will be recognized across Canada for meeting industry requirements in their selected occupation. The candidate must be employed in the occupation and must have achieved a minimum number of hours work experience (varies depending on the occupation) prior to completing certification.

Candidates may challenge the knowledge component (i.e. the written examination) of the process at any time with no prerequisite. Study materials are recommended to assist in achieving optimal results.

The Certification process is as follows:

Step 1: Written Examination

The examination tests the candidate's familiarity with the knowledge component of the Standards. If unsuccessful, re-testing may be arranged. Oral examinations are available in special circumstances. Some certification exams are available on-line.

Step 2: Performance Review

The Performance Review is derived from the Standards and enables the candidate to practice performance skills on-the-job. The candidate is encouraged to practice the skills outlined in the Standards using the Performance Review as a guide. The review can be completed as it best suits the candidate's situation, but it is recommended that a candidate work together with his or her supervisor or a certified peer to complete it. The supervisor/certified peer can provide feedback for those skills which may need improvement.

When the candidate is ready to have his or her performance skills evaluated, the candidate contacts the Certification Team and requests an Industry Evaluation. In addition, the candidate must have a minimum number of hours experience (varies by occupation) before the Industry Evaluation can be conducted.

Step 3: Industry Evaluation

A trained evaluator observes the candidate on-the-job to ensure the candidate possesses the essential competencies of the occupation as established by the industry.

Certification

The Certification Team reviews the file to ensure that all requirements have been met. The successful candidates receive a certificate, a pin, and the Industry Evaluation comments. Unsuccessful candidates receive the Industry Evaluation comments and are encouraged to reapply.

APPENDIX VI

An Introduction to the Concept of Revenue Management

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AN INTRODUCTION TO THE CONCEPT OF REVENUE MANAGEMENT

Revenue management is a proven technique for maximizing revenue and profitability. It is a method of selling the "right inventory unit to the right type of customer, at the right time, and for the right price." It was developed in the 1980s by the airline industry and adapted by the package tour and hotel sectors in the 1990s. It is now being used in the attractions business as well.

Revenue management is a strategy of continually monitoring and forecasting demand, and using inventory and pricing strategies to maximize revenues on a daily basis. Transportation companies generally refer to the practice as "yield management", while most hotels and others refer to it as "revenue management".

Revenue management is characterized by;

- Using different prices to stimulate demand;
- Maximizing yield or the average amount of revenue per available unit of inventory (e.g. admissions ticket);
- Being flexible when necessary, but price restrictive whenever possible;
- Always offering high rates, while offering lower rates only when demand is low and the market demonstrates price resistance.

For a business to take maximum advantage of the technique, it needs to have most of the following characteristics:

- Have markets that respond strongly to price changes;
- Operate with a fixed capacity (e.g., fixed number of visitors that can be accommodated);
- Have similar inventory units (so that the operator can focus on varying the price for a single unit type and not have to cope with different prices for different unit types at the same time, which makes things much more complicated);
- Have markets that can be segmented (e.g., business, group, family);
- Have predictable demand in different market segments - demand that varies by season, month, and day;
- Have high fixed costs (eg: high overhead costs relative to service-related costs);
- Have low variable costs (e.g:, the incremental costs of handling an additional customer);
- Maintain advanced bookings and a reservations system;

- Have the ability to customize and price products to suit different customers and markets - with restrictions to make it difficult for other market segments to buy at the discounted price.

The practice is most often associated with transportation and accommodation businesses, for which it can work quite well. However, other tourism businesses can use it to varying degrees, particularly those in package tours and attractions. Today, more and more types of businesses are recognizing the value of revenue management and applying these concepts to increase their profitability in today's complex and highly competitive environment.

Like transportation and accommodations, an attraction is characterized by having a very high proportion of fixed costs and only nominal variable costs. In other words, most of the costs are not affected at all by the addition of a single additional customer. Only the costs of printing admission tickets and any other handout materials will increase, and these increases will be minuscule. The variable costs may amount to only a few cents against an admission ticket. In these circumstances, getting extra business at a discounted price is lucrative.

In the attractions business, revenue management can be particularly effective in increasing yield in periods of high demand through promoting value-added offers and packages, and giving preference and VIP perks to those that book the higher-priced offer. Staff need to be trained to 'up-sell' people into the value-added offer.

On the discounting side of revenue management for an attraction, since admission fees are generally modest compared to airfares and hotel room rates, and since capacity limitations are not necessarily a problem, the use of revenue management is somewhat less effective than it is in these other sectors. It is most effective when discounts are used to stream demand from low price segments, such as school groups, into periods when demand from other segments is soft.

If you can increase the number of visitors in a particular market or time period by reducing the price you charge per customer or in that time period, and if this greater number of visitors and lower price results in more total revenue, and if the discounted price doesn't unduly undermine your ability to get your regular business at your regular prices, then it is to your advantage to offer the discounted price. The trick is to accomplish all of these things at once.

The airline industry accomplishes this by offering deep discount fares but restricting your ability to make changes or to cancel. They also make you sit in the less desirable rear of the aircraft. The strategy is to make it impractical for their bread-and-butter, full-fare business travellers to take advantage of the discounted fares, and to generate new business from non-business traveller clientele who are highly price sensitive.

Doing this in the attraction business can be accomplished in a different fashion by using the value-added up-sell approach.

Guides in the Series

A Guide to Starting & Operating
a Commercial or Community Attraction

A Guide to Starting & Operating
an Adventure Tourism Business

A Guide to Starting & Operating
a Retail Tourism Business

A Guide to Community Tourism Planning

A Guide to Starting & Operating
an Accommodation Business

A Guide to Starting & Operating
a Campground Business

A Guide to Starting & Operating
a Restaurant Business

A Guide to Starting & Operating
a Local Sightseeing Tour Business

A Guide to Starting & Operating
a Receptive Tour Operator Business

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a Local Visitor Information Centre

A Guide to Planning & Hosting
a Community Festival or Event

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Nova Scotia Tourism Business

Guides are available by visiting
www.gov.ns.ca/dtc/tourism/tourism_devguides.asp

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